



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

ASSISTANT SECRETARY

ACTION MEMORANDUM FOR ASSISTANT SECRETARY FITZPAYNE

FROM: Marisa Lago
Assistant Secretary for International Markets and Development

SUBJECT: Transmission Package for the Third Cambodia Report

Recommendation: That you transmit the attached third Cambodia report from the United States Executive Director of the World Bank (Tab 1) to the respective chairs of the appropriations committees using the attached cover letters (Tab 2). Attached at Tabs 3, 4 and 5, respectively, are the Cambodia reporting requirement, the second report and the first report.

_____ Approve _____ Disapprove _____ Let's Discuss

Background: Section 7043(c)(5) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2014 requires the United States Executive Director of the World Bank (the USED), at the direction of the Secretary of the Treasury, to report to the Committees on Appropriations not later than 45 days after enactment of the Act and every 90 days thereafter until September 30, 2014, on the steps being taken by the World Bank to provide appropriate redress for the Boeung Kak Lake area (BKL) families who were harmed by the Land Management and Administration Project, as determined by the World Bank Inspection Panel. The Section also provides that the report discuss steps taken by the USED to postpone Bank reengagement with Cambodia.

Attached at Tab 1 is the third report from the USED's office required by section 7043(c)(5). It documents the status of efforts by the Cambodian government to provide land title to families remaining in the BKL area, create livelihood support programs for families evicted from the area, and demarcate the developer's land from the community's land. The report also describes recent developments toward resolution of the impasse and how the USED has urged World Bank Management to exercise caution with respect to possible re-engagement with Cambodia given the political impasse stemming from July 2013 elections. The attached transmission letter (Tab 2) conveys our intent to: 1) continue monitoring this situation closely; 2) press the World Bank to play a constructive role in encouraging a positive outcome for BKL families; and 3) counsel the World Bank to proceed cautiously on re-engagement with Cambodia and only in conjunction with comprehensive stakeholder consultations.

Attachments

- Tab 1: September 2014 USED Report
- Tab 2: Draft Treasury Transmission Letters
- Tab 3: Cambodia Reporting Requirement
- Tab 4: June 2014 USED Report
- Tab 5: March 2014 USED Report

IA Clearance Sheet

Subject: Transmission Package for Cambodia Report

Drafted: D.Crane, OUSED/S.Rzemien, MDB Office, exts. 458-1549/362-6208

Approved: Deputy Assistant Secretary Alexia Latortue (8/19/2014)

Cleared:	IA/ISS – S. Bleiweiss	8/18/14
	GC – J. Klein	8/21/14
	Leg Affairs – L. Peña	8/21/14
	Pub Affairs – H. Shulman	8/22/14
	MDB – K. Mathiasen	8/18/14
	OUSED WB – S. Aviel	8/25/14

Post on IA intranet? YES

Report of the United States Executive Director of the World Bank Pursuant to Section 7043(c)(5) of the FY 2014 State, Foreign Operations Appropriations Act

As of August 25, 2014

Background

This report responds to Section 7043(c)(5) (the “Section”) of the Department of State, Foreign Operations, and Related Programs Appropriations Act of 2014 (found at Division K of the Consolidated Appropriations Act (P.L. 113-76)). The Section requires reports from the United States Executive Director of the World Bank (the “USED”) on the steps being taken by the World Bank to provide appropriate redress for the Cambodian Boeung Kak Lake area (“BKL”) families who were harmed by the Land Management and Administration Project, as determined by the World Bank Inspection Panel. The Section cross-references a definition of “appropriate redress” described in Senate Report 113-81.

Senate Report 113-81 provides that “Appropriate redress shall include the provision of legal security of tenure to the 66 families remaining in the Boeung Kak area who have been excluded from receiving land titles; clear demarcation of the developer’s concession and the area reserved for the community; and the establishment of livelihood programs for those forcibly evicted from the Boeung Kak area, in accordance with the World Bank Policy on Involuntary Resettlement.”

The Section also specifies that the report include steps taken by the USED to postpone reengagement of World Bank programs in Cambodia until the following requirements have been met: “(A) such government is conducting and implementing, with the concurrence of the political opposition in Cambodia, an independent and credible investigation into irregularities associated with the July 28, 2013, parliamentary elections, and comprehensive reform of the National Election Committee; or (B) all parties that won parliamentary seats in such elections have agreed to join the National Assembly, and the National Assembly is conducting business in accordance with the Cambodian constitution.”

The first report was submitted on March 11, 2014. The second report was submitted on June 5, 2014. This report focuses on developments over the past three months.

Redress for BKL Families

Based on new information that the World Bank has cross-checked with local NGOs, there are presently 59 BKL families without land title (rather than 49 families as the World Bank had previously reported). These 59 families are comprised of: (1) 16 families that live in an area that is no longer considered part of the developer’s concession and the government is not negotiating with them; and (2) 43 families in negotiation with the Government in Phnom Penh. The World Bank reports that negotiations for land title have reached an advanced stage for seven of the 43 families, with land title for six of these families expected in the next several weeks. Both the World Bank and international CSOs have emphasized that it remains difficult to obtain precise figures for the number of families.

World Bank Management has reported that discussions are ongoing between Phnom Penh authorities and the remaining BKL residents described above, but that demarcation of the developer's concession and the area reserved for the community has not yet been initiated. Our expectation is that the demarcation issue will become more important once the land titling for remaining families is completed, at which point clear demarcation of the developer's boundary will be needed to provide confidence in the land titles provided.

With respect to livelihood support for the upwards of 3,500 former BKL families that have been resettled, the USED's office continues to press World Bank Management to lay the groundwork for a possible World Bank project that would address BKL families' needs. More specifically, in communications in June and August, the USED's office encouraged the World Bank Country Director (based in Thailand) and the Country Manager (based in Cambodia) to seek a request from Cambodian authorities, and otherwise begin preparatory work, for an urban livelihoods project financed through a World Bank loan that would (1) identify and include BKL resettled families; (2) assess the needs of such families; and (3) provide support to bring them to a reasonable living standard. This would likely be part of a broader urban livelihood support project for Phnom Penh. The USED's office expects to gain greater traction on this proposed project when the political impasse in Cambodia is resolved and broader World Bank re-engagement in Cambodia becomes a possibility. The USED's office has made it clear in communications with World Bank Management that such an urban livelihood project should be an early part of any World Bank re-engagement in the country.

Re-engagement of the World Bank in Cambodia

The World Bank has to date refrained from moving forward with re-engagement in Cambodia, a stance which the USED's office has encouraged through periodic communications with the Vice President for East Asia and Pacific and the Country Director. The World Bank's initial plans to begin consultations on an Interim Strategy for Cambodia, the vehicle for re-engagement, have been on hold since January 2014 in recognition that such consultations would need to include the political opposition. Opposition parliamentarians have so far been unwilling to join consultations with the World Bank. As a result, World Bank funds originally intended for Cambodia for the July 2011 through June 2014 period (corresponding to the 16th replenishment of the International Development Association) have been reallocated to other countries.

On August 8, 2014, opposition parliamentarians took their seats in a session of the National Assembly for the first time since the disputed elections of July 2013. Discussions between the ruling and opposition parties over the implementation of proposed electoral and parliamentary reforms, including through the formulation of laws or constitutional amendments, continue. These recent positive political developments may create room for a reassessment in the near future of the U.S. position on World Bank re-engagement in Cambodia. The USED's office will continue to coordinate with the U.S. Department of State on its assessment of the Cambodian political context, and implications for U.S. policy.

World Bank Management has reported that it has been discussing with Cambodian authorities a possible timeline that would involve consultations with stakeholders in October-November 2014

on an Interim Strategy. This would be intended to lead to World Bank re-engagement in 2015 if conditions are right.

Conclusion

The USED's office will continue to be a strong advocate for addressing the needs of remaining and resettled BKL households, and will underscore the importance of comprehensive stakeholder consultations as an essential element of any World Bank re-engagement. The USED's office will also continue to closely monitor the situation, through frequent communications with the U.S. embassy in Cambodia, civil society organizations, and World Bank Management.

The Honorable Lindsey Graham
Ranking Member, State, Foreign Operations, and Related Programs Subcommittee
United States Senate
Washington, DC 20510

Dear Senator Graham:

Section 7043(c)(5) of the FY 2014 State, Foreign Operations Appropriations Act (the “Act”) requires the United States Executive Director of the World Bank (the “USED”), at the direction of the Secretary of the Treasury, to report to the Committees on Appropriations not later than 45 days after enactment of the Act and every 90 days thereafter until September 30, 2014, on the steps being taken by the World Bank to provide appropriate redress for the Boeung Kak Lake area (“BKL”) families in Cambodia who were harmed by the Land Management and Administration Project, as determined by the World Bank Inspection Panel. The report must also describe steps taken by the USED to postpone reengagement of World Bank programs in Cambodia.

Attached is the third report by the USED’s office, which provides an update on redress for affected families, including land titling for families remaining in BKL and livelihood support for families that have been resettled. The USED’s office has continued to press World Bank Management on the importance of redress for BKL affected families. The USED’s office has also urged caution about the World Bank’s potential re-engagement in Cambodia and the need for comprehensive consultations to precede any re-engagement. Recent positive political developments, with opposition parliamentarians joining an August 8 session of the National Assembly, may provide room to reassess the U.S. position on re-engagement in the near future. The USED’s office will continue monitoring the situation closely, and will press World Bank Management to play a constructive role.

Treasury staff remains ready to answer any questions that you may have on this matter. Please contact Lisa Peña at the Office of Legislative Affairs at 202-622-1900.

Sincerely,

Alastair Fitzpayne
Assistant Secretary for Legislative Affairs

Enclosure

The Honorable Patrick Leahy
Chairman, State, Foreign Operations, and Related Programs Subcommittee
United States Senate
Washington, DC 20510

Dear Chairman Leahy:

Section 7043(c)(5) of the FY 2014 State, Foreign Operations Appropriations Act (the “Act”) requires the United States Executive Director of the World Bank (the “USED”), at the direction of the Secretary of the Treasury, to report to the Committees on Appropriations not later than 45 days after enactment of the Act and every 90 days thereafter until September 30, 2014, on the steps being taken by the World Bank to provide appropriate redress for the Boeung Kak Lake area (“BKL”) families in Cambodia who were harmed by the Land Management and Administration Project, as determined by the World Bank Inspection Panel. The report must also describe steps taken by the USED to postpone reengagement of World Bank programs in Cambodia.

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The Honorable Kay Granger
Chairwoman, State, Foreign Operations, and Related Programs Subcommittee
Appropriations Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Granger:

Section 7043(c)(5) of the FY 2014 State, Foreign Operations Appropriations Act (the “Act”) requires the United States Executive Director of the World Bank (the “USED”), at the direction of the Secretary of the Treasury, to report to the Committees on Appropriations not later than 45 days after enactment of the Act and every 90 days thereafter until September 30, 2014, on the steps being taken by the World Bank to provide appropriate redress for the Boeung Kak Lake area (“BKL”) families in Cambodia who were harmed by the Land Management and Administration Project, as determined by the World Bank Inspection Panel. The report must also describe steps taken by the USED to postpone reengagement of World Bank programs in Cambodia.

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Sincerely,

Alastair Fitzpayne
Assistant Secretary for Legislative Affairs

Enclosure

The Honorable Nita Lowey
Ranking Member, State, Foreign Operations, and Related Programs Subcommittee
House Appropriations Committee
U.S. House of Representatives
Washington, DC 20515

Dear Congresswoman Lowey:

Section 7043(c)(5) of the FY 2014 State, Foreign Operations Appropriations Act (the “Act”) requires the United States Executive Director of the World Bank (the “USED”), at the direction of the Secretary of the Treasury, to report to the Committees on Appropriations not later than 45 days after enactment of the Act and every 90 days thereafter until September 30, 2014, on the steps being taken by the World Bank to provide appropriate redress for the Boeung Kak Lake area (“BKL”) families in Cambodia who were harmed by the Land Management and Administration Project, as determined by the World Bank Inspection Panel. The report must also describe steps taken by the USED to postpone reengagement of World Bank programs in Cambodia.

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Sincerely,

Alastair Fitzpayne
Assistant Secretary for Legislative Affairs

Enclosure

CAMBODIA:

Section 7043(c)(5) – The Secretary of the Treasury shall direct the United States executive director to the World Bank to report to the Committees on Appropriations not later than 45 days after enactment of this Act and every 90 days thereafter until September 30, 2014, on the steps being taken by the World Bank to provide appropriate redress for the Boeung Kak Lake families who were harmed by the Land Management and Administration Project, as determined by the World Bank Inspection Panel, and as described in Senate Report 113–81: Provided, That such report shall also include steps taken by the executive director to postpone reengagement of World Bank programs in Cambodia until the requirements of paragraph (2) are met.

(2) None of the funds appropriated by titles III and IV of this Act may be made available for assistance for the central Government of Cambodia unless the Secretary of State certifies to the Committees on Appropriations that—

(A) such government is conducting and implementing, with the concurrence of the political opposition in Cambodia, an independent and credible investigation into irregularities associated with the July 28, 2013 parliamentary elections, and comprehensive reform of the National Election Committee; or (B) all parties that won parliamentary seats in such elections have agreed to join the National Assembly, and the National Assembly is conducting business in accordance with the Cambodian constitution.

(3) The requirements of paragraph (2) shall not apply to assistance for global health, food security, humanitarian demining programs, human rights training for the Royal Cambodian Armed Forces, or to enhance maritime security capabilities, except that any such programs shall be subject to the regular notification procedures of the Committees on Appropriations.

Senate Report 113-81 provides at page 62: “[A]ppropriate redress shall include the provision of legal security of tenure to the 61 families remaining in the Boeung Kak area who have been excluded from receiving land titles; clear demarcation of the developer’s concession and the area reserved for the community; and the establishment of livelihood programs for those forcibly evicted from the Boeung Kak area, in accordance with the World Bank Policy on Involuntary Resettlement.”

