

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

**As of February 21, 2014**

## **Background**

This report is in response 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 (PL 113-76)), requiring several reports from the United States Executive Director of the World Bank (the “USED”). This report outlines 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 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 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.”

The Section also provides that the report include steps taken by the USED to postpone reengagement of World Bank programs in Cambodia until the following requirements are 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 is due on March 3, 45 days after enactment of the 2014 Consolidated Appropriations Act.

## **Redress for BKL Families**

Since the World Bank suspended new operations in Cambodia in August 2011, World Bank management has sought to engage Cambodian authorities on the issue of redress for the families remaining in BKL and those resettled without due process. During periodic communications with World Bank staff in the aftermath of the suspension, the USED expressed concern about, and sought updates on, the unresolved BKL issues, including land title for remaining families and livelihood support for resettled families.

The Government of Cambodia (GoC) has chosen not to work with the World Bank even while making some progress on related issues. For example, in August 2012, the World Bank reported that the GoC had provided title to 631 families for a total of 12.44 hectares of land in the area,

and negotiated compensation with 16 families, leaving 78 families without title or compensation offers acceptable to them. Since that time, 12 additional families have accepted a resolution, leaving 66 families that have not received titles or compensation.

In recent months, the World Bank's Country Director (based in Bangkok) and Country Manager (based in Phnom Penh) have highlighted in meetings with GoC counterparts the importance of resolution of the BKL matter, and offered World Bank support. Government authorities told these World Bank officials that they were in the process of implementing a plan to provide for the provision of titles to the remaining affected households in BKL, but that the timing of the implementation of the plan is uncertain.

The Cambodian authorities have reported to the World Bank that of the 66 remaining households:

- 16 households are at an advanced stage in the process of receiving titles;
- 16 households live along the railway and, according to Phnom Penh authorities, are not affected by the BKL development plan; and
- 34 households are still in negotiations with the Phnom Penh authorities.

Regarding the issue highlighted in the Senate Report of clear demarcation of the developer's concession and the area reserved for the community, USED has followed up with World Bank staff and a key human rights nongovernmental organization that is closely following the BKL situation to inquire about the nature of the demarcation issue and any engagement on it. Neither the human rights NGO nor the World Bank is aware of the demarcation issue and, to date, the World Bank has not engaged with the GoC on it. The USED will continue to seek information on the demarcation issue from the U.S. embassy and the NGO community and will follow up with World Bank staff, as appropriate.

There are not any clear plans for providing livelihood support for the upwards of 3,500 families from the BKL who were resettled without due process. The GoC rejected early offers to use World Bank financing for social impact assessments and livelihood support. With World Bank financing off the table due to GoC unwillingness to accept it, the World Bank subsequently encouraged plans by the international organization UN-Habitat to implement a pilot program for poor urban neighborhoods including resettlement communities in Phnom Penh, but UN-Habitat was unable to secure funding and the pilot never launched. Most recently the World Bank has reported that, under a potential new Interim Strategy for Cambodia, it is possible that livelihood development for the urban poor could emerge as a possible area for future World Bank engagement. As described below, USED has told World Bank staff that World Bank re-engagement with Cambodia through an Interim Strategy is premature.

### **Re-engagement of the World Bank in Cambodia**

The World Bank suspended the approval of new operations in Cambodia in August 2011, while continuing to implement its existing portfolio of projects. In December 2012, World Bank management notified the Board of its intention to put in place an Interim Strategy Note ("ISN") for Cambodia that would frame the resumption of new operations, but would exclude large

infrastructure projects requiring significant resettlement activities. The timing for putting forward an ISN to the Board was initially set for Fall 2013, following July elections in Cambodia. In the context of the disputes surrounding these elections, the introduction of a new ISN was delayed.

Since the World Bank began exploring re-engagement with Cambodia in late 2012, the USED has coordinated closely with Treasury, State, and U.S. Embassy Phnom Penh on political developments in Cambodia and their implications for World Bank re-engagement. The USED sent a communication to the World Bank Vice President for East Asia and Pacific (“EAP VP”) in December 2013, cautioning against proceeding with re-engagement. The USED provided support for a meeting in Phnom Penh of the U.S. Ambassador to Cambodia with the World Bank Country Director, in which the Ambassador echoed this caution. In a follow up meeting with the EAP VP in December 2013, the USED stressed that World Bank efforts toward re-engagement risked being misread as a signal of political support for the ruling party and urged the World Bank to hold off on consultations on an ISN until the opposition took its seats in parliament. The EAP VP cited support for World Bank re-engagement from other development partners and indicated the World Bank’s intention to move forward with consultations on an ISN in January 2014, and bring an ISN to the Board before the end of the World Bank’s fiscal year in June 2014.

On December 30, 2013 the World Bank launched an online consultation survey seeking views from stakeholders on priority sectors for World Bank re-engagement in Cambodia. The World Bank also published a Consultation Plan outlining the governmental agencies, development partners, private sector, and civil society groups with which it would organize a series of 11 meetings over a two week period.<sup>1</sup> The expected date of Board discussion of an ISN, to be accompanied by several proposals for additional financing for World Bank projects, was reset for May 2014. However, this timeline has slipped again following a GoC crackdown on anti-government protests in early January 2014.

The USED has continued to express concerns about World Bank re-engagement in Cambodia. The USED’s outreach on this issue has included engaging with Board representatives from EU countries to urge them to check with their capitals on the E.U. stance toward the Cambodian elections. It has also included raising cautions about re-engagement with Cambodia in a range of meetings: a December 2013 meeting with ED advisors from the Nordic, Belgian and Australian chairs; a January 2014 meeting with ED advisors from the Canadian, UK, German, French and Dutch chairs; a January 2014 meeting with the Australian Executive Director who represents Cambodia; a February 2014 meeting with the World Bank Director for Country Operational Services in the East Asia and Pacific region; and a March 2014 discussion with the World Bank Country Director.

As of February 21, 2014, the World Bank reported it plans to delay consultation meetings with stakeholders to allow for improved conditions. The ISN, which will follow the conclusion of online and face-to-face consultations, has also shifted to a date to be determined, expected to be after June 2014.

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<sup>1</sup> A link to the Consultation Plan is here: <http://www.worldbank.org/en/country/cambodia/brief/cambodia-wbg-isn-2014-2015-consultation-plan>.

