

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

As of May 30, 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 (PL 113-76)). The section requires several 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’s office 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 due on June 2, 2014. The main points made in the first report were:

- Cambodian authorities said that they were in the process of implementing a plan to provide titles to 50 remaining affected BKL households; they do not consider 16 of the households living along the railway to be affected by the BKL development.
- The USED’s office will seek additional information on the issue of demarcation of the developer’s concession and the area reserved for the community, as civil society and World Bank colleagues consulted by the USED’s office were not familiar with, or engaged on, this issue.
- As part of a potential future World Bank Interim Strategy for Cambodia, it is possible that livelihood development for the urban poor (including BKL resettled families) could emerge as a possible area for future World Bank engagement.
- The USED’s office pressed World Bank Management to postpone plans for re-engagement in Cambodia given the unsettled political situation. The World Bank delayed consultation meetings with stakeholders on an Interim Strategy for Cambodia to

allow for improved conditions, in the face of opposition parliamentarians' reluctance to join consultations.

Redress for BKL Families

Since the last report, there has been encouraging progress in providing land title to some of the families remaining in the BKL area. According to February 2014 reporting from Cambodian authorities to the World Bank, there were 66 remaining families without land titles. In early March, 17 of these families received land titles. Another 33 families without title are still in negotiations with Phnom Penh authorities. While the Cambodian authorities reported to the World Bank that a further 16 families are not affected by the BKL development, our understanding is that these families' proximity to both the BKL project and a separate Asian Development Bank-financed railroad project make them vulnerable. The USED's office will continue to closely follow developments through engagement with the World Bank, civil society organizations, and the U.S. embassy.

The World Bank has not so far actively pressed for a clear demarcation between the developer's concession and the area reserved for the community. Our understanding from conversations with a civil society organization closely following the situation is that this 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. The USED's office will intensify its engagement with the World Bank on this issue as the land titling for remaining families is completed.

With respect to livelihood support for the upwards of 3,500 former BKL families that have been resettled, the World Bank reported in February 2014 that future World Bank programs could focus on livelihood development for the urban poor. In a meeting with the World Bank Country Manager for Cambodia in late March 2014, representatives from the U.S. and several other countries' Executive Directors' (ED's) offices emphasized that a focus on livelihood development for the urban poor should be a part of any future re-engagement by the World Bank in Cambodia. In communications with the World Bank Vice President for East Asia and Pacific in May 2014, the USED's office pressed Management to seek a request from Cambodian authorities, and otherwise lay the groundwork, 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 could be part of a broader urban livelihood support project for Phnom Penh. The USED's office stressed that the Government of Cambodia's willingness to borrow from the World Bank for this purpose would be an important positive signal, and that we would like to see preparatory work for such a project proceed, even if financing would await an Interim Strategy. The USED's office will continue to urge progress on an urban livelihoods project that would meet the needs of BKL resettled families.

Re-engagement of the World Bank in Cambodia

Since the last report, the United States has continued to emphasize to World Bank Management that broader World Bank re-engagement with Cambodia is premature. Current political

uncertainty has made it difficult for the Bank to conduct inclusive consultations on re-engagement. In meetings with the World Bank Country Manager and representatives from several other countries' ED's offices in late March 2014 and again with the World Bank VP for East Asia and Pacific in May 2014, the USED's office has underscored the view that the current political environment is not conducive to re-engagement. We are pleased that World Bank Management has, so far, put plans for re-engagement with Cambodia on hold, in recognition of the importance of consultations that include the opposition.

Prospects for the World Bank to move forward with an Interim Strategy for re-engagement with Cambodia are now in flux. The World Bank suspended its plans for consultations on an Interim Strategy when Cambodian opposition parliamentarians declined requests from the World Bank to participate. However, the World Bank reported in late May 2014 that opposition parliamentarians have recently expressed interest in joining Interim Strategy Note consultations, although Management intends to reconfirm this. If opposition parliamentarians prove willing to join consultations, the World Bank intends to move forward with consultations and re-engagement. The U.S. government has not been able to confirm such opposition interest in participating in consultations on re-engagement, and the USED's office has continued to advise the World Bank that re-engagement with the Government of Cambodia is premature.

The USED's office will continue to be a strong advocate for addressing the needs of remaining and resettled BKL households, and a voice of caution on re-engaging with Cambodia prematurely. The USED's office will also closely monitor the situation, through frequent communications with the U.S. embassy, civil society organizations, and World Bank Management.

