Statement by Mohammed Dhif
Date of Meeting: February 29, 2000

Cambodia: Country Assistance Strategy

1. **We greatly welcome the discussion on the Country Assistance Strategy (CAS) and the related Structural Adjustment Credit proposal (SAC).** This Chair compliments staff for preparing these very comprehensive documents. Both documents are indeed well written, structured, and very clear. Indeed, beyond the mere description of facts, both the CAS and SAC provide a very candid assessment of the terrible situation witnessed on the field, regarding governance and standards of living in particular.

2. Cambodia remains one of the poorest countries in the Bank’s membership. The health infrastructure remains too weak to cope with the high burden of disease. The infant mortality rate of 103 per 1,000 live births, is one of the highest among the countries in the region, only 28 percent of the population has access to clean drinking water; and fewer than 10 percent of all households have access to electricity.

3. We are pleased to note that the suggested Bank Group Strategy adequately mirrors the priorities of the Government’s development agenda. The analyses of poverty, gender issues, strains on social and human capital have been thoroughly covered. We also appreciate the willingness of the authorities to allow the translation and publication of these documents in Cambodia, which is a clear sign that the authorities are fully aware of the magnitude of the challenges they face and are determined to confront them.

4. **The country team deserves commendation for the highly participatory manner of the CAS preparation.** Particularly commendable is the carrying out of serious discussions with poor communities that are well documented in Annex C. The CAS has been prepared through a wide-ranging participatory approach with all segments of Cambodian society: the Government, the legislative bodies, the private sector, the large donor community, the NGO community and civil society at large.
5. One of the CAS major findings is that the existing business environment is not conducive to rapid and sound private sector growth. This Chair would like to emphasize the importance of the private sector as an engine of employment creation. The Bank Group’s approach to facilitating private sector development in Cambodia should clearly address ways of promoting the role of the private sector in Cambodia and alleviating impediments to its growth. In this context, we emphasize the need to develop financial institutions that meet the growing demand for credit for medium, small and micro-enterprises. In this regard, the expected increased IFC’s presence in Cambodia should be useful to support the development of financial intermediation.

6. This Chair, however, believes that the CAS should focus more adequately on the provision of Rural Infrastructure. Although the document rightly recognizes that road construction “is the area where short-term interventions will have the most immediate impact on rural poverty” (paragraph 58 on page 21), it is not clearly translated in terms of prioritizing of allocations.

7. We agree with the volume, composition and triggers of the proposed assistance program, and we support its base-case lending scenario. We also approve the Structural Adjustment Credit which is under consideration along with the CAS document. In closing, we wish to commend Bank Staff for diligently working with the Cambodian authorities to develop this CAS document. We also wish the Cambodian authorities every success in their reform.