

November 16, 2000

## MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

### SUBJECT: Cambodia - Country Assistance Evaluation

Attached is the report Cambodia: *Country Assistance Evaluation*. A draft of this evaluation was discussed by CODE on February 9, 2000, and a report of that discussion is attached as Annex I. This report is now being re-issued for the purpose of public disclosure.

With a current GNP per capita of US\$300, Cambodia ranks among the poorest countries in the world. About one-third of its 10 million people live below the poverty line and the majority lacks adequate health, education, water, electricity or roads. The country is no better off today than it was in the 1960s. Since 1970, Cambodia has experienced war, genocide, invasion and an international embargo: 2–3 million people have been killed and the remaining educated middle class fled; institutions were destroyed. After a peace accord in 1991 and elections in 1993 and 1998, two shaky coalitions have governed the country.

Starting in 1992, the international community, including IDA, has provided substantial support. Between 1993 and 1996, IMF and IDA-supported stabilization efforts were successful, although a good part of the progress was achieved by compressing expenditures on operations and maintenance and on the social sectors; important reforms for sustained stability were not implemented, including public revenue and expenditure reform. The economy grew at around six percent per year, led by the construction and services sectors funded by external assistance. Agriculture grew at only two percent per year. Since mid-1997, economic performance has deteriorated: the ouster of the First Prime Minister, the suspension of most donor assistance, the regional financial crisis, and the 1998 election all contributed.

IDA's assistance strategy conformed to its framework for post-conflict countries; over time, as the relationship with Cambodia progressed, the strategy continued to focus on important development objectives and remained relevant. Furthermore, the mix of non-lending and lending services was consistent with the objectives. It included economic and sector work, aid coordination, technical assistance for capacity building, quick disbursing credits for rehabilitation and adjustment, and credits for agriculture and social and physical infrastructure. The ESW helped build a knowledge base and facilitated aid coordination. On the other hand, several projects suffered from design problems, and from implementation delays because of political developments and weak domestic capacity. Also, projects for agricultural and rural development and road rehabilitation came late in the sequence, despite their importance. Thus, progress towards the main objectives was mixed, and the outcome of IDA's involvement is rated marginally satisfactory; the sustainability is uncertain because macroeconomic stability is fragile, growth was not sustained, the political situation remains fluid and there are still serious governance issues. IDA's contribution to institution-building was substantial, though it could have been even more so through better design and implementation of technical assistance.

IDA's future assistance should focus on poverty alleviation. The key for poverty reduction in Cambodia is macroeconomic stability and growth. IDA's ongoing efforts to support tax reform and improved tax administration are high priority. This, together with a gradual reduction in military spending and in the size of the civil service, could generate savings that could be allocated to agricultural, rural and social development. For sustained growth, IDA could assist through programs to stimulate higher productivity in agriculture (especially rice and rubber) and encourage rural enterprises. IDA could also help the Government create a better business environment conducive to private sector investment and development.

**Cambodia**

**Country Assistance Evaluation**

November 16, 2000

*Operations Evaluation Department*

## Acronyms

CAS	Country Assistance Strategy
CPP	Cambodian People's Party
DO	Development Objectives
ERC	Economic Rehabilitation Credit
ERP	Emergency Rehabilitation Project
ESAF	Enhanced Structural Adjustment Facility
FIAS	Foreign Investment Advisory Service
IFC	International Finance Corporation
IP	Implementation Progress
MAFF	Ministry of Agriculture, Forestry and Fisheries
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-governmental organizations
OED	Operations Evaluation Department
SF	Social Fund
SFKC	Social Fund of the Kingdom of Cambodia
TAC	Technical Assistance Credit
UNTAC	United Nations Transitional Authority in Cambodia

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# 1. Country Background

## Political

1.1 Any evaluation of Cambodia must take into account its unusual recent history. It gained independence from France peacefully in 1953. Subsequently, a centralized regime led by Prince Sihanouk ruled the country. After Sihanouk was deposed in 1970, Cambodia experienced war, carpet bombing, genocide, invasion, famine and an international embargo for about twenty years. War and genocide resulted in about 2-3 million people killed, comprising about one-third of the population. In rural areas, women made up 60 percent of the population. Mines covered about 30 percent of agricultural land and maimed more than 40,000 people. About two-thirds of the draught animals were lost and physical infrastructure was badly damaged. Moreover, death and mass migration decimated the educated middle class. As a result, economic, judicial and infrastructure institutions were destroyed. Vietnam's withdrawal in 1989, and changes in global relations between the US, USSR and China, led to peace negotiations among the Cambodian factions, concluding with an accord in October 1991. Until elections were held in 1993, sovereignty was vested in the Supreme National Council under the United Nations Transitional Authority (UNTAC) in Cambodia. Thus, when IDA became active in Cambodia in 1992, it was a post-conflict society that had not achieved political stability.

1.2 Elections were held in May 1993 without Khmer Rouge participation, resulting in a plurality for FUNCINPEC in the Constituent Assembly. A coalition was brokered and a government took office in September 1993 with two prime ministers, from FUNCINPEC and Cambodian People's Party (CPP). The parties divided senior positions in ministries and provincial administration by expanding the civil service to make power sharing effective. Moreover, parties' armed forces were to be integrated, but remained separate. With international support for the newly elected government, the Khmer Rouge became isolated in border pockets, but remained insurgent. By 1996, as the political situation and the economy stabilized, IDA's relationship with Cambodia progressed from dealing with a post-conflict society to a "normal" client relationship. Later that year, a major Khmer Rouge leader defected with 10,000 troops, intensifying the power struggle between FUNCINPEC and CPP to win his allegiance. That struggle culminated in the ouster of the First Prime Minister in July 1997. Several bilateral donors froze aid programs and the IMF cancelled its ESAF program in September 1997. Moreover, ASEAN delayed Cambodia's membership. Eventually, elections were held in July 1998 with CPP winning a majority, but short of the two-thirds needed to form a government. By November 1998, another coalition was brokered, this time with CPP as the senior partner.

## Social

1.3 Cambodia's social indicators compare unfavorably with other low-income countries (Annex Table 1B). Thirty-six percent of the population lives below the poverty line, down from 39 percent a few years ago. Poverty is concentrated in rural areas, with 40 percent of the population estimated to be poor, four times higher than the 11 percent poverty incidence in Phnom Penh. While the population growth rate is about 2.6 percent, life expectancy is a low 54. War and genocide have put enormous strain on women and children. Women still comprise the majority of the population and are especially dominant in rural areas. In some regions, about half the families are headed by women, but nowhere less than 20 percent. Despite their importance, only 50 percent of women are literate and maternal mortality is a high 900 per 100,000 births. The infant mortality rate is also high at 90-115 per 1,000 live births and around half of the children suffer from malnutrition. Only 32 percent of the population have access to clean water

and 16 percent to sanitation, resulting in a high incidence of diarrheal diseases. Tuberculosis and malaria are widespread and leading causes of death. HIV/AIDS is rapidly reaching epidemic proportions. Almost 35 percent of the population are illiterate and only 10 percent are engaged in skilled occupations. About one-third of the population aged five and above has no education, only 20 percent have had schooling beyond the primary level and only 4 percent have completed lower secondary school.

## Economic

1.4 Cambodia is among the poorest countries in Asia, with a population of about 10 million and a per capita income of less than US\$300. It is no better off today than it was in the late 1960s (Table 1.1). Over 80 percent of Cambodians still live in rural areas and are employed in agriculture, which accounts for close to half of GDP. The service sector is the other major employer, accounting for about one-third of GDP. Cambodia has substantial long-term development potential, however. It is rich in natural resources. It has three times as much arable land per capita as Vietnam, some with high productivity potential. Thus, it could produce rice, rubber and other crops for domestic consumption and export. It also has abundant forests and a good potential for tourism. Moreover, Cambodia has commercially viable deposits of phosphate, granite, limestone, sand, gravel, clay, bauxite, gold, gems, and oil and gas reserves. Finally, Cambodia could develop labor-intensive manufacturing, given its location in a dynamic region surrounded by rapidly industrializing economies.

1.5 At independence in 1953, Cambodia was a poor agricultural country at about the same level of development as other countries in the region. However, it has remained at a level of development comparable to regional market economies about 30 years ago (Table 1.2). The Sihanouk regime introduced command economy policies in 1963. Growing economic problems and strong opposition caused a shift to market-oriented policies. By the end of the 1960s, Cambodia was self-sufficient in essential food and a net exporter of rice. Modest diversification of the economy from agriculture to light manufacturing had begun, and official foreign exchange reserves were adequate. From 1975, the Khmer Rouge regime collectivized all economic activity and destroyed most of the economic and social infrastructure and governance institutions. A few years after the defeat of the Khmer Rouge, the new government initiated a liberalization program. It lifted many price controls, sanctioned some private commercial activities and permitted joint ventures. From 1989, the Government accelerated and broadened the reform process. Major policy reforms included privatizing agriculture and decontrolling output prices; initiating privatization and increasing autonomy for remaining state owned enterprises; enacting a new foreign investment law; and unifying the multiple official exchange rates (in 1990) into a single official rate, which was subsequently linked to the parallel market rate.

**Table 1.1: Economic and Social Indicators: Comparison with the Past**

	1969	1989	1995	1997
GDP/Capita (1995) prices	455	208	260	300
Agriculture/GDP %	38	52	45	43
Rice Production (mil. Tons)	3.2	2.6	2.7	n.a.
Life Expectancy	42	46	52	54
Population/Physician	16,250	16,500	7,730	n.a.
Illiteracy (% pop > 15)	36	71	35	n.a.
Infant Mortality/1,000 liv brt	181	160	110	102

Notes: Some numbers for 1969 and 1985 are averages or for proximate years.

Source: Cambodia: *From Recovery to Sustained Development*, World Bank, May 1996 for 1969-1995 data; Annex Table 2 for 1997 data.

1.6 Economic performance improved in the early 1990s, with growth at 7-8 percent in 1990 and 1991. In addition, the balance of payments strengthened because of an increase in exports together with higher private remittances and direct foreign investment. Severe fiscal imbalances impeded Cambodia from maintaining the rate of economic growth, however. These imbalances arose with the loss of assistance from the former Soviet Union, a pronounced drop in the domestic tax ratio and a sustained increase in military spending. The government financed the fiscal deficit with monetary growth, leading to high rates of inflation (peaking at 177 percent in 1992) and exchange rate depreciation.

**Table 1.2: Economic and Social Indicators: International Comparison**

		<i>Cambodia</i>	<i>Laos</i>	<i>Vietnam</i>	<i>Thailand</i>	<i>S. Korea</i>
GDP/Cap.	US\$	260	320	250	620	500
Agri./GDP	%	45	51	33	26	38
Dom.Sav./GDP	%	7.5	3.2	20.2	18.8	7.4
Tax/ GDP	%	6.2	10.4	22.0	13.2	15.0
Aid/GDP	%	14.2	14.9	2.9	3.0	9.3
Exp.Hlth.&Ed./GDP	%	1.8	2.7	7.9	4.6	7.0
Illiteracy (+15)	%	35	43	6	21	15
Life Expectancy	Yrs	52	52	68	60	57
Infant Mortality	'000	110	92	42	65	63

Note: Data for Cambodia is for 1995; for Laos and Vietnam, 1994; for Thailand, 1970; and for Korea, 1965.

Source: *Cambodia: From Recovery to Sustained Development*, World Bank, May 1996.

1.7 After the coalition government was formed in 1993, Cambodia made significant progress in stabilizing its economy, restoring economic growth and implementing market policy reforms (Box 2.1). The government maintained fiscal discipline, despite shortfalls in revenues and overruns in military spending, by containing current expenditures, especially on operations and maintenance and the social sectors. Inflation decelerated from an average of 140 percent in 1990-92 to a low of 3.5 percent in 1995 and 9 percent in 1996 and 1997 (Table 1.3). GDP grew at an average annual rate of about 6 percent (3.4 per capita) during 1991-96. Construction and services grew rapidly, largely in response to donor sponsored rehabilitation activities. Manufacturing expanded at a rate of about 8 percent per annum, but from a very small base.

1.8 Improved export performance, large aid flows and inflows of foreign direct investment contributed to a better balance of payments position. While Cambodia's export base is small, it has expanded about four-fold since 1991. At the same time, domestic imports expanded six-fold. The widening current account deficit, from 1.5 percent in 1991 to 16 percent of GDP in 1996, was financed by external capital flows. Foreign direct investment, mostly from neighboring countries, was up to US\$240 million in 1996 (last year prior to the ouster of the First Prime Minister and regional financial crisis). Cambodia's external reserves position strengthened considerably and the exchange rate remained broadly stable at about Riels 2,500 per US Dollar until mid-1997.

1.9 Notwithstanding the remarkable progress in macroeconomic stabilization and structural reform, fundamental budgetary and balance of payments disequilibria remained. Policies to rectify the imbalances were not fully implemented (1999 PER, para. 1.3). Moreover, economic growth was not broadly based and relied heavily on external assistance. Also, some key structural reforms for private sector development were delayed, including the adoption of a new commercial code and guidelines for the law on investment.



**Table 1.3: Key Macroeconomic Indicators (% of GDP)**

	1991	1992	1993	1994	1995	1996	1997	1998#
Real GDP Growth	7.6	7.0	4.1	4.0	7.6	6.5	1.0	0.0
CPI Growth (final quarter)	150.4	112.5	41.0	17.9	3.5	9.0	9.1	12.0
Budget Revenue	4.4	6.2	5.4	9.6	8.9	9.1	9.7	9.1
Budget Expend.	7.8	9.8	11.2	16.5	16.7	16.4	13.9	11.7
Overall Budget	-3.4	-3.6	-5.9	-6.8	-7.7	-7.3	-4.3	-3.6
Domestic Investment	9.4	9.8	14.3	18.5	21.6	20.7	16.1	NA
Government	0.4	0.3	4.3	5.5	7.1	6.5	5.0	NA
Non-Government	9.0	9.5	10.0	13.0	14.5	14.2	11.1	NA
Savings	9.4	9.8	14.3	18.5	21.6	20.7		NA
National	7.9	7.3	5.9	4.4	5.4	5.1	4.7	NA
Foreign	1.5	2.5	8.4	14.1	16.2	15.6	11.4	NA
BOP Current Account	-1.5	-2.5	-8.4	-14.1	-16.2	-15.6	-11.4	NA
Off. Exch. Rate (Riels/\$)	703	1,253	2,478	2,543	2,462	2,634	2,989	3,700

# Estimates.

Source: Cambodia: Public Expenditure Review, World Bank Report, January 1999.

1.10 Since mid-July 1997, economic performance has deteriorated: the ouster of the First Prime Minister, the suspension of most donor assistance, the regional financial crisis, and the 1998 elections all contributed. GDP growth decelerated to 1 percent in 1997 and 1998. Construction and tourism were hardest hit. A reduction in government expenditures adversely affected demand. Postponements in aid projects and a 45 percent drop in foreign investment contributed to a significant decrease in investment. The government maintained reasonable fiscal discipline but resorted to borrowing from the banking system for the first time since 1994. Inflation was contained because of the dollarized economy. Regional suppliers devalued their currencies more than the Riel, which also depreciated but stabilized after the elections in mid-1998. Inflation rose to 12.6 percent in 1998 mainly because a poor rice harvest pushed prices upwards.

## 2. Main Issues

### Sustained Macroeconomic Stability

2.1 Cambodia made remarkable progress in bringing inflation down and stabilizing the foreign exchange rate. High levels of donor financing, however, helped to meet fiscal targets and masked unsustainable budgetary structural weaknesses. Total expenditure on public services from all sources was about 25 percent of GDP in 1996, the last "normal" year. Expenditures from the official budget were, however, 17.2 percent of GDP, with government revenue contributing only 8.4 percent. Thus, the government's own revenues financed one-third of total public expenditures, while donor assistance financed two-thirds of total public spending, all of budgetary capital spending and a part of current spending. Indeed, the share of total expenditures financed by the government's own resources declined from 42 percent in 1994 to 34 percent in 1996. Moreover, the structure of expenditures was unbalanced in favor of defense and administration. From total expenditures, defense and administration accounted for 5.75 percent, education 1.9 percent, health 1.6 percent, and infrastructure 1.8 percent of GDP. The imbalance was greater in budgetary expenditures with defense and administration still receiving an allocation of 5.75 percent, but education dropping to .8 percent, health to .4 percent and infrastructure to .3 percent of GDP.

2.2 Sustained macroeconomic stability depends on raising government revenues and restructuring expenditures in favor of the social and economic sectors. Between 1991 and 1994,

government revenue doubled from 4.4 percent to 9.6 percent of GDP. The increase was accomplished by introducing new taxes and raising tax rates (turnover, excise and hotel), and improving tax and customs administration. Since 1994, revenue has remained flat at about 9 percent of GDP between 1995-98. Cambodia's revenue and tax ratios to GDP are about half of the average for low-income countries.

2.3 Weak governance and corruption are major reasons for poor revenue performance, although limited administrative capacity has also played an important role. For example, forestry revenues were only partially captured in the budget. Forestry concessions were granted to the military and others based on regional party affiliations. Revenue from log exports, which enriches political and military leaders and funds partisan political activity, did not flow through the budget despite pressure from the IMF, IDA and NGOs.<sup>1</sup> IDA has initiated further work on anti-corruption using diagnostic tools developed by PREM. A private business survey has been conducted and a public official survey and a citizens survey will be launched in full collaboration with the Government. Rehabilitating and privatizing rubber plantations was delayed, leaving production and exports in the control of provincial governors. By most estimates, about one-third of rubber exports were smuggled. Generous tax exemptions under the Law on Investment and ad hoc tax and customs duty exemptions remain sources of serious revenue leakage. Limited administrative capacity led to inadequate implementation of the Law on Taxation and a delay in introducing VAT. The Public Expenditure Review estimated revenue foregone in 1996/97 due to all of these factors at 5-6 percent of GDP. The VAT was introduced starting from January 1999 and has performed better than the budget target.

2.4 In 1996, defense expenditures comprised 48 percent of government revenue and government employee salaries took up 43 percent of current expenditures. Defense expenditures increased partly because of the continuing insurgency, the need to absorb Khmer Rouge defectors and the need to balance military strength among coalition partners under the peace agreement. These expenditures became harder to control as the political situation deteriorated. Under these circumstances, military de-mobilization was not possible. Civil service reform also proved difficult to implement because about 18,000 staff were added for political balancing under the peace agreement. In any case, shedding staff from the country's primary employer in an uncertain economic and political environment was not possible. IDA and other donors have funded studies for military demobilization and civil service reform. Military demobilization is now beginning to be implemented: it could bring defense expenditures down to 1.9 percent of GDP by 2002, in line with other countries in the region.

### **Sustained Economic Growth**

2.5 While Cambodia registered a handsome growth rate of 6 percent per annum between 1992 and 1996, that growth was unbalanced, and not conducive for sustaining high growth rates and reducing poverty. It was fueled by donor funded construction (average growth of 19.5 percent per annum) and services (average growth of 8.1 percent per annum). When donor assistance was withdrawn in 1997, Cambodia's growth ground to a halt, a condition further aggravated by the regional economic crisis. Agriculture, the main sector that employs over 80 percent of the workforce, grew at an average of only 2 percent per annum during the 1992-96 period. In 1996, agriculture and rural development received only 2.8 percent of budgetary expenditures and 22 percent of total public expenditures. Without greater emphasis on agricultural growth, Cambodia will not be able to sustain an adequate growth rate.

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<sup>1</sup> The importance of improvements in forestry policy cannot be overstated. In addition to significant revenue loss due to illegal logging, "If the current anarchic situation continues, the commercial potential of Cambodia's forest resource would disappear in less than five years" (1999 PER, para. 19).

2.6 Dilapidated or nonexistent infrastructure is a major constraint on Cambodia's economic and social development in both rural and urban areas. Transport and energy costs are extremely high. A better enabling environment for private sector development and private sector participation in infrastructure is a main priority. This includes fostering more transparent entry, greater competitiveness, and strengthening of the legal and regulatory framework. IDA has and is expected to continue to play a leading role in this area.

**Box 2.1: Economic Reforms Since 1993**

- **Prices:** Most prices were liberalized, except for utilities.
- **Exchange Rate:** The exchange rate was liberalized and the spread between the official and parallel rates has been narrowed to a minimum level.
- **Tax Reform:** Increasing emphasis on income, turnover, and excise taxes and tax administration improvement to increase budget revenue.
- **Expenditure Policy:** An organic Budget Law was passed which specifies budget content, procedures and responsibilities. Three-year rolling Public Investment Programs have been prepared.
- **Banking System:** Substantial progress towards a two-tier banking system open to entry by foreign and domestic commercial banks.
- **State Enterprises:** Numbers reduced by privatization and long-term leases to private operators. Public Enterprise Law adopted, placing public enterprises under the same legal framework as the private sector. The law also outlines the responsibilities of the state and enterprises.
- **Foreign Investment:** A liberalized investment law passed.
- **Trade Regime:** Eliminated quantitative restrictions and introduced five tariff bands ranging from zero to 50%. Admitted to ASEAN on April 30, 1999. Preparation for entry to WTO is underway.

### 3. IDA's Assistance Strategy

3.1 Cambodia became a member of the IMF on December 31, 1969, and IDA on July 22, 1970. Because of political turmoil, Cambodia did not borrow from IDA until recently, although it did borrow from the IMF in 1971-72. This review covers the period from September 1992, when Cambodia became active in IDA, until the present. Eight projects totaling about \$268 million have been approved since 1993. Cambodia joined the IFC in March 1997. IFC has approved two projects (hotel and power) and is considering an investment in the financial sector (microfinance). FIAS prepared a report on monitoring foreign direct investment in Cambodia. IDA is encouraging Cambodia to join MIGA.

#### Assistance Strategy

3.2 IDA began its lending to Cambodia before formulating a formal country assistance strategy. Cambodia was in a post-conflict situation and in urgent need of rehabilitation. IDA provided the analytical basis for UNTAC and the donor community to formulate their assistance program. IDA's early project assistance focused on rehabilitation and building capacity for macroeconomic management, to enable the country to function adequately and gradually determine its own development strategy.

3.3 In May 1995, IDA presented its first country assistance strategy (CAS) for Cambodia to the Board. As Cambodia was still in the emergency phase, IDA presented a short-term strategy, to justify the credits already sanctioned and its assistance for the following year. The CAS outlined Cambodia's development objectives as: (i) achieving sustained growth of 7.5 percent of

GDP with a better sectoral and regional balance; (ii) achieving macroeconomic stability by increasing revenue through non-customs tax and logging receipts, while reducing expenditures on the civil service and defense; (iii) implementing legal reforms to re-establish the rule of law; (iv) enhancing rural development and natural resource management with emphasis on de-mining, security, rural infrastructure, rehabilitating rubber plantations, developing rice production and strengthening the Ministry of Agriculture; (v) rehabilitating critical infrastructure including roads, power in Phnom Penh, and water supply; (vi) improving the human resource base by increasing training and improving education and health facilities; and (vii) strengthening aid coordination.

3.4 For 1995-96, IDA adopted a three-pronged strategy. First, it sought to assist the government in strengthening its capacity, set clear priorities and implement development programs and administrative reforms. It intended to provide the assistance mainly through the Technical Assistance Credit (TAC) under implementation. Second, it intended to carry out analytical work to improve IDA's knowledge of the country, including annual economic reports and an agriculture sector report. In addition, other donors would take responsibility for studies of the transport and education sectors. Third, it sought to support critical rehabilitation of economic and social infrastructure that would have a quick impact. This support would be provided by the Emergency Rehabilitation Project being implemented, the imminent Economic Rehabilitation Credit and the forthcoming Infrastructure Rehabilitation and Power Projects. The CAS added assistance for rural infrastructure rehabilitation and poverty reduction through the Social Fund Project and human resource development with the forthcoming Health Development Project. Finally, the CAS also included support for agriculture and natural resource management through a forthcoming Agriculture Productivity and Rural Development Project.

3.5 By 1997, Cambodia's economy and political situation appeared to be stabilizing. IDA's relationship with the country progressed to a normal client relationship. The CAS presented in that year, re-confirmed the objectives stated above as long-term development priorities. While some progress had been made in all areas, more effort was needed to achieve the objectives. It outlined a three-year program of non-lending and lending services. The CAS noted that without decisive implementation of economic reforms and improved transparency in governance, IDA would have difficulty providing the level of support needed to achieve the objectives. Non-lending services would focus on analytical work for policy and sector reforms, the World Bank Institute's services for institution building and aid coordination activities. The lending program would include: a Structural Adjustment Credit for macroeconomic stability and structural reforms; an Agricultural Productivity Improvement Project and a Rural Development Project for enhancing rural development and natural resource management; IFC's Mekong Project Development Facility for private sector development; a Water Supply Project and Roads Project to support critical infrastructure rehabilitation; a Disease Control and Health Development Project to improve human resources and reduce poverty; and technical assistance for strengthening institutional capacity.

### **Relevance of IDA's Strategy**

3.6 The relevance of IDA's strategy has to be evaluated against the backdrop of developments in Cambodia and its evolving relationship with IDA. The period under review can be divided into two phases: first, from 1992 until 1996, when Cambodia was in a post-conflict situation and primarily in need of emergency assistance; and second, from 1997 until the present, when Cambodia was in need of assistance for economic reform and reconstruction.

3.7 By 1997, IDA had developed a framework for IDA involvement in situations of conflict. This framework is appropriate for judging the relevance of IDA's assistance strategy during the first phase, from 1992 until 1996. A post-conflict country is assumed to have a fragile political

balance, limited capacity and extreme time pressure. IDA's objective is to jump-start the economy by supporting macroeconomic stabilization, investment in key productive sectors, rehabilitating financial institutions, restoring legal and regulatory frameworks, strengthening governance and government institutions and repairing physical infrastructure. The framework suggests that IDA should cooperate with other donors and support physical rehabilitation, economic recovery, institution building and social reintegration during the emergency lending phase. The framework accurately describes Cambodia's situation and development objectives and IDA's first four projects correspond closely to its recommended emergency lending assistance. Thus, by this standard, IDA's assistance strategy was relevant during the first phase.

3.8 When the 1997 CAS was presented to the Board, IDA's relationship with Cambodia had become a normal client relationship. That paper accepted the validity of the development objectives detailed in the earlier CAS, which included macroeconomic stability and sustained economic growth, with emphasis on agricultural and rural development. Moreover, the proposed lending program focussed on these objectives and other important physical infrastructure and social reconstruction needs. Thus, IDA's assistance strategy during the second phase was also relevant.

## **4. IDA's Non-Lending and Lending Services**

### **Non-Lending Services**

#### *Economic and Sector Work*

4.1 Since 1992, IDA has published six high quality economic reports on Cambodia prepared by large teams of 10-17 staff and consultants with sector expertise. The reports are comprehensive, covering macroeconomic and a range of sectoral issues. They provided a good basis for policy dialogue with the government and discussions with donors for aid commitments to Cambodia. The first report published in June 1992, "Cambodia: Agenda for Rehabilitation and Reconstruction", provided a comprehensive analysis of the economy and a detailed framework for action. It emphasized better economic management to facilitate macroeconomic stabilization; foreign-financed critical rehabilitation activities to spur initial growth; and a restructuring of public expenditures to finance the recovery of public services. The report also provided an analytical foundation for sustained macroeconomic stability and growth. This report was followed by several updates analyzing Cambodia's progress and providing guidance for macroeconomic, structural and sectoral reforms. The most recent report, published in January 1999, "Cambodia: Public Expenditure Review", contains a detailed analysis of the budget with specific suggestions for improving resource mobilization and reducing expenditures on the military and civil service to improve the overall fiscal balance with a more appropriate allocation of expenditures. IDA has also prepared a report on agriculture and two reports on poverty aimed at improving agricultural productivity and incomes and reducing poverty. In addition, IDA published a report on forestry aimed at establishing a sustainable and transparent policy. The average cost of IDA's economic and sector work is close to regional and Bank averages over the FY93 to FY98 period, with wide annual fluctuations.

4.2 An OED study of experience with post-conflict reconstruction featured a case study on IDA assistance to Cambodia. Most of its findings are incorporated in this paper. In addition, the report pointed to the fragility of Cambodia's society and the general lack of trust resulting from the trauma of prolonged strife and lack of security. The report suggested that IDA should be

sensitive to Cambodia's situation in developing its strategy and assistance program. It emphasized re-establishing the rule of law, among other measures. Moreover, IDA prepared, jointly with other agencies, reports on civil service and legal reform, military demobilization, forestry, power, transport and the environment.

#### *Aid Coordination*

4.3 With the large number of donors and NGOs operating in Cambodia, aid coordination is crucial. The government does not have the staff capability to manage the process. The Council for the Development of Cambodia, established in 1993, is not yet fulfilling this role despite technical assistance. Japan and France took the initial leadership for mobilizing donor support, with Japan as the chair of the International Committee for the Reconstruction of Cambodia. IDA economic reports provided the analytical basis for donor strategy discussions and dialogue with Cambodian government officials. UNDP took the lead for overall program and project coordination in Cambodia. Subsequently, a transition to a Consultative Group occurred in 1996, with the first meeting held under the co-chairmanship of Japan and IDA. Thus, a dual track aid coordination system developed, with IDA taking the lead in donor discussions and policy dialogue with the government, and UNDP taking the lead for program coordination in Cambodia. It should be added that Japan and ADB have substantially larger lending programs that will dwarf IDA intervention in some sectors.

4.4 IDA's external aid coordination has been successful. IDA has assisted in obtaining substantial aid commitments to Cambodia and participated in allocating tasks among agencies. Representatives of Swedish and Japanese aid agencies, the main co-financiers and technical assistance providers, were consulted for their opinion of IDA's role in aid co-ordination. IDA's role was viewed as useful, especially for the Consultative Group meetings. IDA missions consulted donors regularly to keep them informed of developments. Its cooperation with the IMF has been excellent on macroeconomic and structural reform issues. To support the ESAF process, IDA has worked closely with the IMF and the government on three Policy Framework Papers. Recently IDA cooperated with the IMF in preparing the Public Expenditure Review (1999).

4.5 Although IDA has cooperated with several bilateral and multilateral agencies in preparing reports and projects, overall coordination of programs and projects at the sector level in Cambodia has been difficult. Despite sector coordinating committees in Phnom Penh, many agencies have made piecemeal efforts at reforming sectors. Moreover, given the present stage of institutional capacity, donor agencies have been led to establish their own project implementation units with differing procurement, disbursement, audit, etc. rules. These units are often staffed by expatriate or highly paid local staff, creating resentment among government officials with an adverse impact on institution building. Coordination between IDA and UNDP strengthened after UNDP's deputy representative in Phnom Penh became IDA staff to start its liaison office. IDA is now making a transition from focus on aid coordination to productive partnerships with other donors. One of the first tasks of the partnership effort might be to streamline procurement, disbursement and audit rules. As resident missions are strongly recommended in the framework for IDA involvement in post-conflict countries, a fully staffed resident mission would have facilitated better local aid coordination.

#### **Lending Services**

4.6 IDA has approved eight projects totaling about \$268 million, which initially provided assistance for emergency rehabilitation, followed by support for capacity building, poverty alleviation, economic rehabilitation, social and physical infrastructure rehabilitation and

agriculture development. Two projects have closed and three others are close to completion, but the remaining three projects are at early stages of implementation. Each of the first four projects had design flaws including many and complex components and misjudgments in conditionality or in staffing project organizations.<sup>2</sup> Moreover, poor consulting services created implementation difficulties. Later projects' implementation has been delayed primarily because of political developments, but also because of weak local capacity. Project preparation used the "fast track" procedures under OD 8.50 and costs have generally been below regional and Bank averages. Project supervision costs were, however, substantially higher than regional averages during FY94-96, but approached the average by FY98. The high initial supervision costs were due to Cambodia's post-conflict situation, weak domestic implementation capacity, lack of IDA experience with the country, fast track processing causing changes in project design later and frequent changes in IDA task management.

### *Emergency and Economic Rehabilitation*

4.7 **The Emergency Rehabilitation Project (ERP)** for about US\$63 million, presented to the Board in October 1993, was the first IDA credit to Cambodia. ERP was prepared within three months of the project mission in September 1992, but got snagged in negotiations and became effective only in January 1994. ERP aimed to restore capacity utilization and production in key sectors for about eighteen months. The project allocated 65 percent of its funds to critical imports for agriculture, transport, power, water, education, health and administration. The remaining 35 percent were allocated for general critical imports. Counterpart funds from the sale of foreign exchange were used for budget support. **The Economic Rehabilitation Credit (ERC)** for about US\$40 million was presented to the Board in May 1995. Although the project was prepared quickly, processing was delayed because the government failed to meet an ESAF condition requiring the military to report foreign debt. Nevertheless, ERC had no specific conditionality but provided balance of payments and budgetary support while the government's reform program (agreed with IDA) remained on track.

4.8 ERP and ERC closed on schedule and have been audited by OED. Their outcomes were rated marginally satisfactory and their sustainability was rated uncertain. ERP combined import support and investment projects, delaying both disbursement and rehabilitation until funds were reallocated mid-stream from slow disbursing investment components to import support. ERP encountered problems with procurement, institutional capacity, consulting services and suppliers. While ERC's design was appropriately simple, a complex judgement on progress with the reform program was required. Some crucial measures for sustaining macroeconomic stability and other structural reforms were delayed. IDA misjudged the political feasibility of civil service and military de-mobilization. In addition, commercial laws were delayed and no follow-up support for private sector development was provided to elicit a quick supply response. Also, financial sector reforms were inappropriately sequenced, exposing the financial system to risk (1997 CEM, paras. 25-27). Moreover, IDA's frequent task management changes and lack of a resident mission adversely affected policy dialogue and project implementation. The sustainability of these projects was rated uncertain because of incomplete reforms and political developments (see PAR for ERP and ERC, May 13, 1999).

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<sup>2</sup> See Performance Audit Report: *Cambodia – Emergency Rehabilitation Project (Credit 2550-KH) and Economic Rehabilitation Credit (Credit 2781-KH)*, Report No. 19284, May 13, 1999, paras. 4.4, 4.5, and 4.10 for details.

### *Agriculture and Rural Development*

4.9 IDA support for agriculture began in 1993 under ERP, although most of the funds allocated for agriculture were shifted to other sectors because of slow project development. An agricultural and rural development project was conceived in 1994 to build on an existing UN project under implementation. At that time, the Ministry of Agriculture, Forestry and Fisheries (MAFF) was dominated by CPP staff, and the Ministry of Rural Development by FUNCINPEC staff. Moreover, most of the project's beneficiaries would have been refugee returnees, and unlikely to support CPP. Thus, the project concept foundered until the project was split—one for agriculture and one for rural development. The rural development project was postponed until FY99 (Social Fund II approved March 23, 1999). Preparation for the Agriculture Productivity Improvement Project started in mid-1995 and it was appraised a year later. Board presentation was delayed, however, because IDA replenishment difficulties necessitated substitution of ITF funds that had different terms. Also, IDA waited until the government took appropriate action on forestry policy. Project processing was resumed when Global Witness reported that log exports had diminished. The **Agricultural Productivity Improvement Project** for about US\$27 million was approved by the Board in January 1997. Its objective is to contribute to sustainable and broad-based improvement in small-holder agricultural productivity to increase rural incomes and improve food security. The Project aims to improve the MAFF capacity for planning and managing agricultural development programs and technology. The project became effective in June 1997, just before the coup. Activities were delayed for about two years and have recently resumed. Consultant contracts were expected to be signed in March 1999. A recent supervision report rates IP and DO as satisfactory but project risk as substantial.

### *Capacity Building*

4.10 As Cambodia lacked capability to design and implement projects, IDA made an early start by providing technical assistance in 1992. With bilateral and multilateral funding, IDA fielded experts for strengthening expenditure programming and public finance control, and for the water and power sectors. A **Technical Assistance Credit (TAC)** for US\$17 million was approved in November 1994. It aimed to enhance the government's economic management capacity, re-establish legal institutions and promote private sector development. TAC included establishing an Economics and Finance Institute to train civil servants in cooperation with IDA's World Bank Institute. The government viewed TAC as a complex project with too many components and also did not renew several international consultants' contracts because of poor performance. Despite these early difficulties, the Ministry of Economics and Finance now has a macroeconomic management process. The newly built Economics and Finance Institute has commenced training programs. TAC funds were used flexibly to partially fund studies for civil service reform, military de-mobilization, forestry reform (illegal logging, forestry concession management, legal services and forestry policy) and environment planning. Implementation of the legal reform and private sector development component was delayed for two years by coalition government politics. Eventually, the Legal Reform Unit became operational in March 1998. The most recent project supervision report rates progress in achieving development objectives as satisfactory but implementation and all categories related to project management as unsatisfactory. As stated in the supervision report, "The project is meeting its broad development objectives, and is gradually leading to the development of capacity in core ministries and agencies....Although achievement of overall project development objectives is rated satisfactory, the following problems must be highlighted: (a) continued prevalence of substitution TA, in particular reliance on individual expatriate consultants and uncertain degree of skills transfer; (b) insufficient monitoring and evaluation of consultant outputs that have sometimes fallen short of



expectations; (c) weak project coordination and strategic planning, and inadequate financial oversight.”

4.11 All projects, including TAC, had a project implementation unit and technical assistance for capacity building. These implementation units have also contributed to training local staff but several international consultants’ performance was inadequate, causing dissatisfaction in several ministries and departments. IDA did not manage consultant hiring and monitoring well and, at one point, was unable to tabulate fully its technical assistance provided to Cambodia. Moreover, coordination among several implementation units proved difficult.

### *Social and Physical Infrastructure*

4.12 A **Social Fund Project** (SF) for about US\$20 million was presented to the Board in May 1995. Its objective was to reduce poverty by financing small-scale projects for rehabilitation of social, economic and physical infrastructure in rural areas such as health and education facilities, communal sanitation systems, water supply systems, rural roads, small-scale irrigation and drainage work. By January 1999, the credit was 98 percent disbursed and is expected to close early. It has approved 1431 sub-projects worth US\$17 million and eligible applications for projects worth US\$52 million have accumulated. The Social Fund of the Kingdom of Cambodia (SFKC), the implementing organization, is co-financing projects with some NGOs. The latest IP and DO ratings are highly satisfactory and a follow-on project (Social Fund II) was presented to the Board in March 1999.

4.13 A **Phnom Penh Power Rehabilitation Project** for US\$40 million was presented to the Board in September 1995. Its objective was to rehabilitate the power distribution system in the city, strengthen sector institutions and assist in developing a regulatory framework conducive for private sector investment. The project is rated satisfactory, will close on time and will meet all its physical/investment targets, in spite of the fact that more than US\$5 million (12 percent) were lost due to exchange rate variation. IDA has recently fielded a power sector strategy mission. A **Disease Control and Health Development Project** for US\$30 million was approved by the Board in November 1996. Its objective is to reduce sickness and death from preventable diseases, especially malaria, TB and HIV/AIDS. It also seeks to rehabilitate the health system infrastructure to improve the delivery of health services at the community level. After a very slow start, project implementation is proceeding satisfactorily, although progress in the HIV component is still slow. The disbursement lag is 20 months, but IP and DO ratings are satisfactory and project risk is negligible. Finally, an **Urban Water Supply Project** for about US\$31 million was approved by the Board in January 1998. Its objective is to improve water access and quality in Phnom Penh and Sihanoukville and help the government to develop and implement a sectoral investment program based on a water and sanitation policy framework. The project became effective in June 1998 and procurement actions are proceeding on schedule. A project launch workshop was held in November 1998. The disbursement lag is six months, but the IP and DO ratings are satisfactory and the project risk is substantial.

### **Assessment of Services**

4.14 IDA’s non-lending services are consistent with the assistance strategy outlined in the two CASs and focused on Cambodia’s main development issues. These services were performed at a high standard, with the exception of in-country aid coordination, and used IDA’s comparative advantage in policy analysis. IDA’s lending services were not tightly focussed, but were consistent with the framework for IDA involvement in post-conflict countries and strategy outlined in the two CASs. The projects mentioned in the CASs that are not already being implemented, supporting rural development and road rehabilitation, have been approved by the

Board on March 23, 1999. Several projects suffered from design flaws, processing delays and implementation difficulties. Projects for agricultural, rural development and road rehabilitation came late in the sequence, despite their importance.

## 5. Overall Assessment

### Outcome and Sustainability

5.1 The outcome of IDA's country assistance strategy and services must be judged by the relevance of their development objectives, their efficacy in achieving the objectives, especially the main objectives of sustained macroeconomic stability and economic growth, and the efficiency of IDA's services.

5.2 IDA's relationship with Cambodia evolved from providing emergency support to a post-conflict country to a normal client relationship. During the post-conflict phase, during 1992-96, IDA's objectives followed the framework for involvement in post-conflict countries. IDA sought to support macroeconomic stability and sustained growth, particularly in the agricultural sector. It also sought to support rehabilitation of critical social, economic and physical infrastructure. During the second phase, from 1997, IDA retained the same development objectives, as more effort was needed to achieve them. As macroeconomic stability, economic growth and rehabilitation were Cambodia's main concerns, IDA's objectives were relevant throughout the 1992-1999 period.

5.3 During the first phase, IDA's services closely followed the framework recommendations to provide the analytical support for policy advice and aid coordination, and emergency lending for physical rehabilitation, economic recovery, institution building and social integration. During the second phase, the proposed projects were consistent with achieving the development objectives, but implementation of several projects was delayed because of political developments and weak domestic capacity. The cost of IDA's services was initially high because of Cambodia's post-conflict situation, but converged on Bank-wide averages later in the period.

5.4 The efficacy in achieving the objectives was mixed. Although the first four projects had design flaws and implementation problems, they substantially achieved their development objectives. IDA contributed to critical physical rehabilitation, economic rehabilitation, institution building and social integration. Three projects have recently begun effective implementation. IDA also contributed to assisting Cambodia make progress in taming inflation, stabilizing the foreign exchange rate and implementing structural reforms. The economy registered a high rate of economic growth, and foreign investment and non-traditional exports increased. High levels of donor financing, however, helped meet fiscal targets, masking unsustainable budgetary structural weaknesses, and also fueled narrow economic growth in construction and services. When most external assistance withdrew in mid-1997, moderate macroeconomic stability was maintained at the cost of further compressing social expenditures and economic growth ground to a halt.

5.5 Thus, macroeconomic stability and growth were not sustainable because they were structurally unbalanced and dependent on foreign financing. Moreover, the trends in budget and external balances and economic growth were not positive. Although, IDA's advice contributed to the early success in converging on fiscal balance, its recommendations for enhancing budgetary revenues from forestry and taxation and cutting expenditures on the military and civil service

were not implemented. While cutting military and civil service expenditures may not have been politically feasible during this period, measures to increase revenues from forestry and taxation were not implemented mainly because of corruption and a power struggle between the leading political parties. IDA's leverage was not strong in 1992, because of the presence of many important donors, but it grew as IDA gradually took a leadership role in aid coordination. Still, during that period, IDA was unable to convince the government to implement crucial measures for sustained macroeconomic stability.

5.6 IDA made no direct project contribution to agricultural and rural development during the first phase because project preparation and processing were delayed. Agriculture is the most important sector for sustaining economic growth and alleviating poverty. In addition, the low level of budgetary expenditures on agriculture and rural development, health, education and infrastructure was evident throughout the 1993-1996 period. Additional budgetary support to enhance resources for these sectors could have contributed to agricultural and rural development and poverty alleviation.

5.7 In summary, IDA's assistance objectives were relevant and its services were consistent with achieving those objectives. But project design and implementation was flawed and the efficacy of progress towards achieving the main objectives was mixed. The outcome of IDA's involvement in Cambodia during 1992-99 was basically satisfactory, but only marginally so because progress towards the main development objectives and project design and implementation could have been better. The sustainability of IDA's involvement is uncertain because macroeconomic stability is fragile, economic growth is not sustained, the political situation remains fluid and serious governance issues remain.

### **Institutional Development Impact**

5.8 TAC's objectives were relevant for Cambodia, as it needed macroeconomic management and economic and legal reform capability. Despite TAC's complexity and implementation problems, it contributed to building capacity for macroeconomic management at the Ministry of Economy and Finance. Trained local staff are gradually replacing international consultants and an institute was created to continue the training. TAC's contribution to legal reform and private sector development has suffered from long delays and consulting service quality has been patchy. Technical assistance included in other projects is contributing to training government staff and developing sector policy and regulations. SF established a new organization to implement the project. That organization has attracted co-financing from some NGOs. Project implementation units have been established for several projects and international consultants train local staff in procurement and financial procedures. While it is not possible to assess the contribution made by these units, some have encountered difficulties because international consultants have not transferred know-how well or provided adequate services. IDA's contribution to institutional building was substantial, but it could have been more efficacious with improved design and careful implementation of technical assistance.

### **IDA and Borrower Performance**

5.9 IDA identified projects that were consistent with its country assistance strategy. The appraisal of the first four projects resulted in design flaws that surfaced during implementation. These problems occurred partly because the relationship with Cambodia was new, the political situation was fluid, domestic capacity was weak and there were frequent changes in IDA's task and senior management. Projects were supervised regularly and appropriate advice was offered, but supervision was also marred by frequent changes in task management. When implementation problems came to light, however, IDA responded flexibly and made the changes needed for

projects to proceed. The borrower had no experience working with IDA and lacked trained personnel. Under these circumstances, it made an effort to provide the inputs needed to prepare and implement projects. It provided staff and complied with agreed conditions in loan agreements. In some cases, delays occurred because counterpart funds were not available or because coalition politics interfered with implementation.

## 6. Implications for Future IDA Assistance

6.1 At a recent Consultative Group meeting, the new coalition government re-affirmed its commitment to implement the measures needed to increase budgetary revenue, including a transparent forestry policy, and reduce military civil service expenditures. The Government has taken some concrete initial actions in these areas. An IMF mission visited Cambodia in mid-May 1999 to continue preparations for a new ESAF. IDA is preparing a SAC with a view to helping Government implement policy actions recommended in the PER. Moreover, IDA is scheduled to present a new country assistance strategy to the Board. This is an opportunity to improve the focus of IDA's strategy and assistance. This analysis contributes the following suggestions:

- IDA's future assistance to Cambodia should focus on poverty alleviation. Sustained macroeconomic stability and economic growth are prerequisites for reducing poverty in Cambodia. For macroeconomic stabilization, IDA can use its growing leverage to reduce corruption in forestry, rubber and taxation and improve expenditure management. Improved governance would increase budgetary revenues and the effectiveness of budgetary expenditures. Over time, there should also be scope for some reduction in expenditures on the military and civil service. These reforms would generate budgetary resources that could be allocated to agriculture, rural and social development. For sustained growth, IDA could assist by developing additional programs to stimulate higher productivity in agriculture (especially rice and rubber) and encourage rural enterprises. As women head a substantial proportion of households in rural areas, their circumstances should be considered in developing projects. IDA could also provide assistance for small-scale enterprise development, particularly for exports. Finally, IDA could assist the government in creating a business environment hospitable for investment, especially by expatriate Khmers and other foreign investors.
- Because of the prolonged trauma experienced by Cambodia's population, the level of insecurity is high. Although many measures are needed for several years to quell insecurity, IDA can assist by rehabilitating legal institutions and promoting legal reforms.
- As the policy dialogue has become more complex, the portfolio is growing, and donor coordination is becoming increasingly important, there is a need for a full-fledged resident mission.

February 25, 2000

CODE2000-8

# Report from CODE

## Committee on Development Effectiveness

### *Informal Subcommittee's Report on the Cambodia Country Assistance Evaluation*

The Informal Subcommittee of the Committee on Development Effectiveness met on February 9, 2000 to discuss the Cambodia Country Assistance Evaluation (CAE). The Subcommittee thanked OED for a useful report, and broadly supported its findings and recommendations. Management noted that they welcomed the OED report and had internalized its recommendations in the upcoming CAS for Cambodia. The four pillars of the CAS (based on the CAE) were improved governance, improved physical infrastructure, assistance to the education and health sector, and private sector development. Management also noted that a field office had been established that had been critical in improving donor coordination on the ground.

The CAE noted that through high quality economic and sector work, IDA had provided a strong analytical basis for policy advice and for the formulation of the donor community's assistance program in Cambodia. While IDA strategy to support macroeconomic stability, economic growth and rehabilitation was relevant, efficacy was mixed due to political developments, weak governance, weak in-country aid coordination and partnerships, and flaws and delays in the design and implementation of lending assistance. The key recommendations from the CAE included IDA support for the rehabilitation of legal institutions and improved governance; gradual reductions in military spending and in the size of the civil service; the strengthening of public expenditures and of incentives for agricultural, rural and social development; and a better enabling business environment. The CAE further recommended that a full-fledged office in Cambodia be established in order to facilitate more effective policy dialogue, portfolio management and in-country donor coordination.

In response to questions on the link between the "marginally satisfactory" rating and the conflict situation in the country, OED acknowledged that the CAE's rating was due in part to the extreme circumstances in the country and agreed with speakers who noted that, given the circumstances, Cambodia did not have a bad overall record at the Bank. However, it was also noted that some projects had been overly complex and suffered from poor staffing and consulting services. Project restructuring and corrective measures taken during supervision ensured that these problems did not seriously undermine project development objectives.

Issues discussed included:

*Post Conflict.* One speaker emphasized that the findings of the CAE had to be taken in the context of an extremely difficult conflict situation in Cambodia in the recent past. He noted great strides had been made in achieving peace and beginning an economic recovery since the new Government came to power in late 1998. Another speaker noted that Cambodia was a typical post-conflict country and could provide very useful guidelines and lessons learned. Another speaker asked whether there were different criteria for success to account for a post conflict situation. One speaker questioned the seeming inconsistency in the CAE's suggestion that IDA's lending services were not tightly focused, yet consistent with the framework for IDA involvement in post-conflict countries. She further noted the seeming inconsistency in the CAE's suggestion that despite design flaws and implementation problems, the first four projects in Cambodia had achieved their development objectives, and wondered if this was also linked to the post-conflict situation in Cambodia.

February 25, 2000

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**Lessons Learned/Selectivity.** Another speaker asked whether the scale of demand on the Cambodian side made it difficult to focus IDA's assistance. He also wondered whether previous lessons learned in Cambodia had fed into the work of this CAE.

**Assistance to Cambodia.** One speaker noted that there seemed to be momentum in Cambodia to improve the situation, and the Bank's role was seen as central to this goal. He stressed that the Bank had been critical in improving donor coordination of the ground, but that a full fledged Resident Mission was necessary. A strong donor effort was critical given Cambodia's difficult past and a fledgling government that needed support.

**Results-Orientation.** One speaker observed that Cambodia had received \$268 million in credits and wondered if CAEs were going to provide a judgment on whether IBRD/IDA had gotten worthwhile results for the expenditures. Another speaker pointed to the average cost of supervision of projects in Cambodia, which were higher than other countries in the region. He further noted the high average cost of ESW and wondered whether non-lending services were an optimal use of IDA funds.

**Poverty Reduction.** Many speakers stressed the greater relative importance of poverty reduction amongst the various OED ratings. One speaker stressed the difficulty of weighting poverty reduction in the OED ratings systems. He noted that Paragraph 6.1 of the CAE correctly suggested that macroeconomic stability and economic growth were prerequisites to poverty reduction, which was stated as the final goal of the program. However, he pointed out that it would not be possible evaluate the contribution of the program to poverty reduction until the prerequisites were achieved.

Girmai Abraham and Myles A. Wickstead  
Co-Chairmn, CODE Subcommittee

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## Cambodia at a glance

9/18/1998

	Cambodia	East Asia & Pacific	Low-income		
<b>POVERTY and SOCIAL</b>					
<b>1997</b>					
Population, mid-year (millions)	10.5	1,753	2,048		
GNP per capita (Atlas method, US\$)	300	970	350		
GNP (Atlas method, US\$ billions)	3.2	1,707	722		
<b>Average annual growth, 1991-97</b>					
Population (%)	2.7	1.3	2.1		
Labor force (%)	2.4	1.4	2.3		
<b>Most recent estimate (latest year available, 1991-97)</b>					
Poverty (% of population below national poverty line)	..	..	..		
Urban population (% of total population)	22	32	28		
Life expectancy at birth (years)	54	69	59		
Infant mortality (per 1,000 live births)	102	38	78		
Child malnutrition (% of children under 5)	38	16	61		
Access to safe water (% of population)	13	84	71		
Illiteracy (% of population age 15+)	35	17	47		
Gross primary enrollment (% of school-age population)	122	115	91		
Male	134	118	100		
Female	109	116	81		
<b>KEY ECONOMIC RATIOS and LONG-TERM TRENDS</b>					
	<b>1976</b>	<b>1986</b>	<b>1996</b>	<b>1997</b>	
GDP (US\$ billions)	..	..	3.1	3.1	
Gross domestic investment/GDP	..	..	20.6	16.5	
Exports of goods and services/GDP	..	..	26.4	29.7	
Gross domestic savings/GDP	..	..	4.6	4.8	
Gross national savings/GDP	..	..	6.4	..	
Current account balance/GDP	..	..	-15.4	-11.2	
Interest payments/GDP	..	..	0.2	0.2	
Total debt/GDP	..	..	67.1	66.2	
Total debt service/exports	..	..	1.2	0.6	
Present value of debt/GDP	..	..	48.0	..	
Present value of debt/exports	..	..	181.6	..	
	<b>1976-86</b>	<b>1987-97</b>	<b>1996</b>	<b>1997</b>	<b>1998-02</b>
<i>(average annual growth)</i>					
GDP	..	5.4	7.0	2.0	..
GNP per capita	..	2.2	3.9	-0.3	..
Exports of goods and services	..	..	..	..	..

**Development diamond\***

Life expectancy

GNP per capita

Gross primary enrollment

Access to safe water

— Cambodia

— Low-income group

**Economic ratios\***

Trade

Domestic Savings

Investment

Indebtedness

— Cambodia

— Low-income group

	1976	1986	1996	1997
<b>STRUCTURE of the ECONOMY</b>				
<i>(% of GDP)</i>				
Agriculture	..	..	50.7	51.0
Industry	..	..	15.3	15.3
Manufacturing	..	..	5.3	5.7
Services	..	..	34.0	33.7
Private consumption	..	..	87.1	86.4
General government consumption	..	..	8.2	8.8
Imports of goods and services	..	..	42.4	41.4
	<b>1976-86</b>	<b>1987-97</b>	<b>1996</b>	<b>1997</b>
<i>(average annual growth)</i>				
Agriculture	..	3.1	2.4	2.1
Industry	..	9.1	18.2	2.9
Manufacturing	..	7.2	12.8	8.8
Services	..	6.8	6.9	1.3
Private consumption	..	..	..	..
General government consumption	..	..	..	..
Gross domestic investment	..	..	..	..
Imports of goods and services	..	..	..	..
Gross national product	..	5.2	6.5	2.0

**Growth of investment and GDP (%)**

8

6

4

2

0

92 93 94 95 96 97

— GDI —◇— GDP

Note: 1997 data are preliminary estimates.

\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

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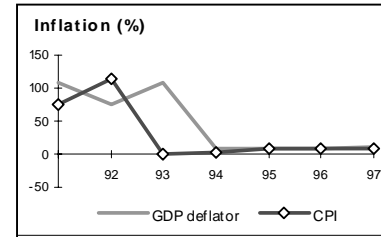
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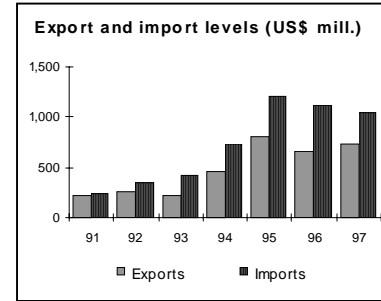
## PRICES and GOVERNMENT FINANCE

	1976	1986	1996	1997
<b>Domestic prices</b>				
(% change)				
Consumer prices	..	..	9.0	9.1
Implicit GDP deflator	..	..	7.1	10.0
<b>Government finance</b>				
(% of GDP, includes current grants)				
Current revenue	..	..	9.2	9.5
Current budget balance	..	..	-0.6	0.8
Overall surplus/deficit	..	..	-6.6	-4.5



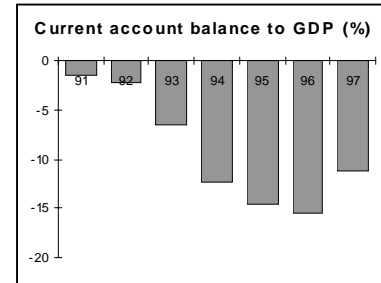
## TRADE

	1976	1986	1996	1997
(US\$ millions)				
Total exports (fob)	..	..	659	734
Rubber	..	..	32	36
Logs	..	..	149	103
Manufactures	..	..	113	258
Total imports (cif)	..	..	1,110	1,037
Food	..	..	..	..
Fuel and energy	..	..	..	..
Capital goods	..	..	..	..
Export price index (1995=100)	..	..	..	..
Import price index (1995=100)	..	..	..	..
Terms of trade (1995=100)	..	..	..	..



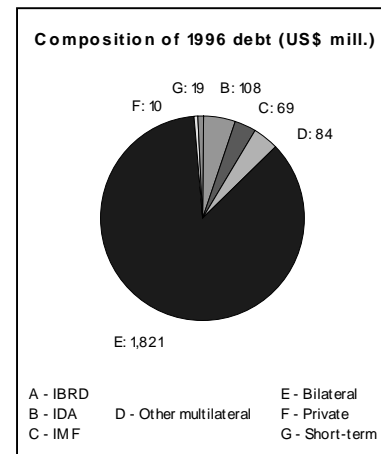
## BALANCE of PAYMENTS

	1976	1986	1996	1997
(US\$ millions)				
Exports of goods and services	..	..	831	920
Imports of goods and services	..	..	1,332	1,281
Resource balance	..	..	-501	-361
Net income	..	..	-9	-5
Net current transfers	..	..	..	..
Current account balance	..	..	-485	-346
Financing items (net)	..	..	537	376
Changes in net reserves	..	..	-52	-30
<b>Memo:</b>				
Reserves including gold (US\$ millions)	..	..	234	264
Conversion rate (DEC, local/US\$)	..	..	2,624.1	2,989.0



## EXTERNAL DEBT and RESOURCE FLOWS

	1976	1986	1996	1997
(US\$ millions)				
Total debt outstanding and disbursed	..	..	2,111	2,049
IBRD	..	..	0	0
IDA	..	..	108	132
Total debt service	..	..	10	5
IBRD	..	..	0	0
IDA	..	..	1	1
Composition of net resource flows	..	..		
Official grants	..	..	206	116
Official creditors	..	..	81	37
Private creditors	..	..	-3	0
Foreign direct investment	..	..	240	135
Portfolio equity	..	..	0	0
World Bank program	..	..		
Commitments	..	..	0	57
Disbursements	..	..	46	30
Principal repayments	..	..	0	0
Net flows	..	..	46	30
Interest payments	..	..	1	1
Net transfers	..	..	45	30



## Cambodia Social Indicators

	Latest single year			Same region/income group	
	1970-75	1980-85	1992-97	East Asia & Pacific	Low- income
<b>POPULATION</b>					
Total population, mid-year (millions)	7.1	7.4	10.5	1,751.2	2,035.6
Growth rate (% annual average)	0.5	2.6	2.2	1.0	1.7
Urban population (% of population)	10.3	14.8	21.6	33.0	28.4
Total fertility rate (births per woman)	5.5	5.1	4.6	2.1	4.0
<b>POVERTY</b>					
<i>(% of population)</i>					
National headcount index	..	..	36.1	..	..
Urban headcount index	..	..	21.1	..	..
Rural headcount index	..	..	40.1	..	..
<b>INCOME</b>					
GNP per capita (US\$)	..	..	300	970	350
Consumer price index (1995=100)	..	..	..	114	122
Food price index (1995=100)	..	0	115	..	..
<b>INCOME/CONSUMPTION DISTRIBUTION</b>					
Gini index	..	..	..	..	..
Lowest quintile (% of income or consumption)	..	..	..	..	..
Highest quintile (% of income or consumption)	..	..	..	..	..
<b>SOCIAL INDICATORS</b>					
<b>Public expenditure</b>					
Health (% of GDP)	..	..	0.7	1.7	1.0
Education (% of GNP)	5.8	..	2.9	2.7	..
Social security and welfare (% of GDP)	..	..	..	..	..
<b>Net primary school enrollment rate /a</b>					
<i>(% of age group)</i>					
Total	..	..	98	101	..
Male	..	..	..	101	..
Female	..	..	..	102	..
<b>Access to safe water</b>					
<i>(% of population)</i>					
Total	45	..	13	77	69
Urban	97	..	20	..	80
Rural	38	..	12	..	66
<b>Immunization rate</b>					
<i>(% under 12 months)</i>					
Measles	..	..	68	93	74
DPT	..	..	70	93	76
Child malnutrition (% under 5 years)	..	20	38	20	..
<b>Life expectancy at birth</b>					
<i>(years)</i>					
Total	40	45	54	69	59
Male	39	44	53	67	58
Female	42	47	55	70	60
<b>Mortality</b>					
Infant (per thousand live births)	181	160	103	37	82
Under 5 (per thousand live births)	244	330	147	47	118
<b>Adult (15-59)</b>					
Male (per 1,000 population)	509	473	349	183	274
Female (per 1,000 population)	406	355	303	148	255
Maternal (per 100,000 live births)	..	500	..	..	..

a. Ratios exceeding 100 indicate discrepancies between the estimates of school-age population and reported enrollment data.

1999 World Development Indicators CD-ROM, World Bank

ANNEX TABLE 2: CAMBODIA: KEY ECONOMIC INDICATORS, 1988 - 1997

<i>Indicator</i>	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	<i>Average 1988-1997</i>
GDP growth (annual %)	12.0	3.5	1.2	7.6	7.0	4.1	4.0	7.6	6.5	2.5	5.6
GNP per capita growth (annual %)	..	0.3	-2.0	4.4	3.9	1.2	1.2	4.8	3.9	-0.3	1.9
GNP per capita, Atlas method (current US\$)	..	..	..	150	180	220	240	280	300	300	239
Population growth (annual %)	3.2	3.2	3.2	3.1	3.0	2.8	2.7	2.6	2.5	2.3	2.9
Agriculture, value added (% of GDP)	62.4	52.3	55.6	49.9	47.8	50.6	51.2	50.7	50.4	..	52.3
Manufacturing, value added (% of GDP)	7.1	7.5	5.2	5.3	5.1	5.3	5.3	5.1	5.4	..	5.7
Services, etc., value added (% of GDP)	23.9	32.3	33.2	38.0	39.1	35.6	34.9	35.4	35.0	..	34.2
Exports of goods and services (% of GDP)	2.6	5.6	6.1	11.9	15.7	13.0	21.7	31.8	26.4	..	15.0
Imports of goods and services (% of GDP)	10.1	13.2	12.8	13.6	18.6	21.8	35.8	48.5	42.4	..	24.1
International tourism, receipts (% of total exports)	..	..	..	..	15.9	13.8	6.2	10.3	14.6	..	12.2
Current account balance (% of GDP)	..	..	..	..	-4.7	-4.7	-6.5	-6.3	-5.9	-6.8	-5.8
Resource balance (% of GDP)	-7.5	-7.6	-6.6	-1.6	-2.9	-8.8	-14.1	-16.7	-15.9	..	-9.1
Agriculture, value added (annual % growth)	10.0	7.1	1.2	6.7	1.9	-1.0	0.0	6.4	1.8	..	3.8
Manufacturing, value added (annual % growth)	16.2	13.9	-4.4	7.0	3.3	7.9	7.8	10.0	13.2	..	8.3
Services, etc., value added (annual % growth)	13.5	-1.1	2.7	8.5	11.1	7.2	7.5	7.9	8.7	..	7.3
Aid (% of gross domestic investment)	..	..	..	5.6	10.5	14.3	14.1	19.3	14.5	..	13.1
Aid per capita (current US\$)	..	..	..	59.3	106.7	99.8	76.0	89.3	70.0	..	83.5
World Bank Aid (% of total aid)	..	..	..	..	..	..	..	..	..	..	0.0
Money and quasi money (M2) as % of GDP	..	..	..	..	..	6.2	7.4	9.0	11.0	..	8.4
Money and quasi money growth (annual %)	..	..	..	..	..	..	35.6	43.6	40.4	..	39.9
Inflation, consumer prices (annual %)	..	..	..	..	..	..	..	..	..	..	0.0
Credit to private sector (% of GDP)	..	..	..	..	..	3.0	3.9	4.1	5.3	..	4.1
Domestic credit prov. by banking sector (% of GDP)	..	..	..	..	..	6.3	6.3	6.2	6.9	..	6.4
Gross domestic savings (% of GDP)	1.9	3.4	1.6	7.8	6.9	5.5	4.4	4.9	4.6	..	4.6
Gross domestic investment (% of GDP)	9.4	11.0	8.2	9.4	9.8	14.3	18.5	21.6	20.6	..	13.6
Gross international reserves in months of imports	..	..	..	..	..	0.5	1.5	1.6	2.3	..	1.5
Private investment (% of GDFI)	84.8	86.7	86.0	95.7	96.9	69.9	70.3	67.1	68.6	..	80.7
Total debt service (% of exports goods and services)	..	..	..	..	4.0	9.6	0.3	0.6	1.2	..	3.1
Overall budget deficit, including grants (% of GDP)	..	..	..	..	..	..	..	..	..	..	0.0
Expenditure, total (% of GDP)	..	..	..	..	..	..	..	..	..	..	0.0
Current revenue, excluding grants (% of GDP)	..	..	..	..	..	..	..	..	..	..	0.0
Tax revenue (% of GDP)	..	..	..	..	..	..	..	..	..	..	0.0
Trade (% of GDP)	12.6	18.8	18.9	25.5	34.3	34.8	57.4	80.3	68.8	..	39.0
Foreign direct investment, net inflows (% of GDI)	0.0	0.0	0.0	0.0	17.0	17.0	15.5	23.8	45.4	..	13.2
Illiteracy rate, adult total (% of people 15+)	..	..	64.8	..	..	34.7	34.7	..	..	..	44.7
Immunization, DPT (% of child. under 12 months)	45.0	47.0	38.0	38.0	32.0	35.0	53.0	79.0	75.0	..	49.1
Life expectancy at birth, total (years)	..	..	50.5	..	51.5	..	..	53.0	53.5	54.0	52.5
Mortality rate, infant (per 1,000 live births)	..	..	121.6	..	116.0	..	..	107.6	104.8	102.0	110.4
Safe water (% of population with access)	..	..	..	..	..	12.9	..	..	..	..	12.9
Sanitation (% of population with access)	..	..	..	..	..	..	..	..	..	..	0.0
School enrollment, primary (% gross)	..	..	118.0	..	..	120.0	122.0	131.0	..	..	122.8
Population density (people per sq km)	46.2	47.7	49.3	50.8	52.3	53.8	55.3	56.8	58.2	..	52.3
Urban population (% of total)	16.4	17.0	17.5	18.1	18.7	19.2	19.8	20.4	21.0	21.6	19.0

Source: WDI

<b>ANNEX TABLE 3: KEY ECONOMIC INDICATORS: CAMBODIA AND COMPARATOR COUNTRIES, 1988-1997</b>					
<i>All figures are annual averages for the period 1990-1997</i>	<b>Cambodia</b>	<b>Laos</b>	<b>Vietnam</b>	<b>Thailand</b>	<b>S. Korea</b>
GDP growth (annual %)	5.6	6.43	7.6	8.5	7.7
GNP per capita growth (annual %)	1.9	3.76	5.4	6.9	6.6
GNP per capita, Atlas method (current US\$)	239	296	242	2061	7557
Agriculture, value added (% of GDP)	52.3	57.3	34.2	12.5	7.6
Industry, value added (% GDP)	13.5	17.0	27.2	37.9	43.4
Manufacturing, value added (% of GDP)	5.7	12.4	21.2	27.6	28.1
Services, etc., value added (% of GDP)	34.2	25.7	38.6	49.6	48.9
Exports of goods and services (% of GDP)	15.0	17.8	30.5	36.9	32.1
Imports of goods and services (% of GDP)	24.1	32.5	38.0	41.6	32.0
Trade (% of GDP)	39.0	50.3	68.6	78.5	64.1
Agriculture, value added (annual % growth)	3.8	4.2	5.6	4.2	1.9
Industry, value added (annual % growth)	9.2	14.2	11.6	12.2	8.5
Manufacturing, value added (annual % growth)	8.3	15.5	0.0	12.4	8.2
Services, etc., value added (annual % growth)	7.3	7.1	8.9	8.8	8.1
Exports of goods and services (annual % growth)	..	..	24.1	14.6	12.4
Imports of goods and services (annual % growth)	..	..	24.0	17.0	13.7
Aid (% of central government expenditures)	..	..	..	3.6	-0.1
Aid (% of GNP)	13.1	15.7	4.0	0.6	..
Aid (% of gross domestic investment)	83.5	64.0	18.6	1.3	..
Aid per capita (current US\$)	33.5	51.5	8.6	12.5	-0.7
Commercial energy use (kg of oil equivalent per capita)	55.0	40.4	90.6	618.3	2466.4
Electric power consumption (kwh per capita)	..	..	105.3	833.2	2576.4
Gross domestic savings (% of GDP)	4.6	6.3	13.3	34.7	35.9
Gross domestic investment (% of GDP)	13.6	23.3	20.8	39.4	35.9
Gross domestic fixed investment (% of GDP)	13.6	23.3	19.2	38.7	35.4
Gross international reserves in months of imports	1.5	1.5	1.4	4.8	2.4
Total consumption, etc. (% of GDP)	95.4	93.7	86.7	65.3	64.1
Private consumption, etc. (% of GDP)	87.6	1.8	78.5	55.7	53.6
Private investment (% of GDFI)	80.7	77.6	0.0	81.4	78.5
Current account balance (% of GDP)	-5.8	-9.2	-7.3	-5.7	-0.4
Foreign direct investment, net inflows (% of GDI)	13.2	1.0	13.4	4.5	14.2
Resource balance (% of GDP)	-9.1	-14.7	-7.5	-4.7	0.1
Total debt service (% of exports of goods and services)	3.1	9.0	6.8	14.5	..
Current revenue, excluding grants (% of GDP)	0.0	18.4	0.0	18.0	0.0
Military expenditure (% of central government expenditure)	..	22.3	21.8	16.9	20.2
Credit to private sector (% of GDP)	4.1	66.1	5.5	98.4	6.0
Lending interest rate (%)	18.8	25.7	28.2	12.7	9.6
Domestic credit provided by banking sector (% of GDP)	6.4	7.9	20.8	107.0	66.8
Inflation, consumer prices (annual %)	..	..	..	5.6	6.9
Money and quasi money (M2) as % of GDP	8.4	11.2	21.4	73.4	40.9
Money and quasi money growth (annual %)	39.9	30.3	22.8	18.6	18.0
Tax revenue (% of GDP)	..	..	..	16.4	16.6
Taxes on goods and services (% of current revenue)	..	..	..	41.8	33.2
Taxes on income, profits and capital gains (% of current rev.)	..	..	..	26.5	30.9
Taxes on international trade (% of current revenue)	..	..	..	18.8	8.2
International tourism, expenditures (% of total imports)	0.7	2.2	..	3.6	3.7
International tourism, receipts (% of total exports)	12.2	7.3	2.3	12.4	4.1
Pupil-teacher ratio, primary	33.6	28.8	..	20.6	33.6
School enrollment, primary (% gross)	122.8	106.3	110.3	92.6	98.6
School enrollment, secondary (% gross)	28.0	25.8	39.0	45.4	97.2
Health expenditure per capita (current US\$)	18.0	8.0	..	111.0	420.0
Illiteracy rate, adult female (% of females 15+)	31.1	55.6	13.0	4.2	1.7
Illiteracy rate, adult male (% of males 15+)	13.5	30.6	5.3	2.0	0.4
Illiteracy rate, adult total (% of people 15+)	23.1	43.4	9.4	3.1	1.0
Immunization, measles (% of children under 12 months)	30.0	33.7	81.3	32.9	37.0
Life expectancy at birth, total (years)	42.4	42.0	54.2	55.2	57.4
Mortality rate, infant (per 1,000 live births)	86.1	82.0	32.7	27.9	7.8
Safe water (% of population with access)	12.9	19.5	18.0	40.3	44.5
Sanitation (% of population with access)	..	8.0	21.0	29.0	50.0
Population density (people per sq km)	30.7	10.8	123.7	63.8	250.6
Population growth (annual %)	2.9	2.54	2.2	1.4	1.0
Urban population (% of total)	12.1	12.3	11.7	11.9	48.2

Source: WDI

<b>ANNEX TABLE 4: CAMBODIA LIST OF ESW</b>
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Report name:	Report type	Date	Report number
Agenda for rehabilitation and reconstruction	Economic Report	01-Jun-92	10793
From rehabilitation to reconstruction : an economic report	Economic Report	10-Feb-94	12667
Rehabilitation program : implementation and outlook - a World Bank report for the 1995 IC	Economic Report	27-Feb-95	13965
From recovery to sustained development	Economic Report	31-May-96	15593
Forest policy assessment	Sector Report	14-Aug-96	15777
Agricultural Sector Memorandum	Sector Report	01-May-97	
Progress in recovery and reform	Economic Report	02-Jun-97	16591
Cambodia - Public expenditure review enhancing the effectiveness of public expenditures	Economic Report	08-Jun-99	18791

**ANNEX TABLE 5: WORLD BANK PROJECT RATINGS, FY93-FY99**

PROJECT DESCRIPTION		OED RATINGS						QAG RATING	SUPERVISION RATINGS		OTHER RATINGS				
<i>Project ID</i>	<i>Project Name</i>	<i>Commitment \$m</i>	<i>Approval FY</i>	<i>ARPP exit FY</i>	<i>Outcome</i>	<i>Sustainability</i>	<i>ID</i>	<i>Development Effectiveness Indicator</i>	<i>Bank performance</i>	<i>Borrower performance</i>	<i>At risk rating</i>	<i>Latest DO rating</i>	<i>Latest IP rating</i>	<i>Completion Delay (months)</i>	<i>Percent Cancelled</i>
4036	EMERGENCY REHABILITATION PROJ.	62.7	1993	1997	MS	Uncertain	Modest		Unsatisfactory	Satisfactory					
4035	ECONOMIC REHABILITATION CRED.	40	1995	1998	MS	Uncertain	Modest		Satisfactory	Satisfactory					
34755	TECHNICAL ASSISTANCE	17	1995	na	na	na	na	na	na	na	ACTUAL	S	U	na	na
37088	SOCIAL FUND	20	1995	na	na	na	na	na	na	na	NONRISKY	HS	HS	na	na
4032	PHNOM PEHN POWER REH	40	1996	na	na	na	na	na	na	na	NONRISKY	S	S	na	na
4033	AGRI.PRODUCT IMP.	27	1997	na	na	na	na	na	na	na	NONRISKY	S	S	na	na
4034	DISEASE CONTROL&HEAL	30	1997	na	na	na	na	na	na	na	NONRISKY	S	S	na	na
45629	URBAN WATER SUPPLY	31	1998	na	na	na	na	na	na	na	NONRISKY	S	S	na	na
58841	KH NORTHEAST VILLAGE	5	1999	na	na	na	na	na	na	na	NONRISKY	S	S	na	na
50601	KH-SOCIAL FUND II	25	1999	na	na	na	na	na	na	na	NONRISKY			na	na
4030	KH-RD REHABIT.	45	1999	na	na	na	na	na	na	na	NONRISKY	S	S	na	na

**ANNEX TABLE 6: CAMBODIA COUNTRY ASSISTANCE COST INDICATORS**

Period	Average completion cost (\$ per project)		Supervision intensity: Direct cost inputs divided by the no. of projects under active supervision (\$)A		Average cost per dropped project (\$)		Cost per scheduled ESW report (\$)		Cost per unscheduled ESW report (\$)	
	Last 5 years <sup>a</sup>	Last 10 years <sup>B</sup>	Last 5 years	Last 10 years	Last 5 years	Last 10 years	Last 5 years	Last 10 years	Last 5 years	Last 10 years
Bank-wide	352,952	323,677	63,437	52,654	94,059	81,419	181,722	165,232	70,326	63,433
EAP	372,299	347,102	57,034	46,418	92,423	107,783	195,527	196,155	59,713	63,665
Cambodia	332,964	332,964	224,136	224,136	76,664	na	196,975	187,704	68,696	68,696
Laos	334,525	305,016	67,535	51,488	91,794	na	193,464	na	na	na
South Korea	268,172	192,827	33,140	23,252	na	125,773	274,286	119,986	na	195,391
Thailand	209,207	193,584	37,486	31,029	179,692	140,518	191,816	167,522	44,274	44,274
Vietnam	479,629	479,629	117,222	117,222	98,810	117,726	272,020	276,921	88,613	88,613

<sup>a</sup> period = 1994-98;

<sup>b</sup> period = 1990-98

**ANNEX TABLE 7: BANK MANAGEMENT FOR CAMBODIA 1992 - 1999**

<i>Year</i>	<i>Vice President</i>	<i>Country Director</i>
1992	Gautam Kaji	Callisto Madavo
1993	Gautam Kaji	Callisto Madavo
1994	Gautam Kaji	Callisto Madavo
1995	Russell Cheetham	Callisto Madavo
1996	Russell Cheetham	Callisto Madavo
1997	Russell Cheetham	Javad Khalilzadeh-Shirazi
1998	Jean-Michel Severino	Ngozi Okonjo-Iweala
1999	Jean-Michel Severino	Ngozi Okonjo-Iweala