Board Meeting of February 20, 1997
Statement by Juanita D. Amatong

Cambodia Country Assistance Strategy

1. We would like to commend the staff for a job well done. The Cambodia CAS is a well-written document which analyzes the country’s development challenges, clearly defines the development priorities to be tackled and carefully presents the economic scenarios and risks to be considered. The CAS as presented gives a good sense that the Bank is pursuing an assistance strategy based on the principle of doing “first things first”. This is particularly important in the context of a post-conflict society, like Cambodia, where development problems are overwhelming and the needs of an increasingly poor population are urgent.

2. We believe that the Bank’s lending and non-lending program should be based on a high-lending scenario in Cambodia for a number of reasons. First, we have already lost the opportunity to provide an early response to Cambodia as it embarked on a difficult transition process from a centrally-managed to a market economy in the late 1980s. After twenty five years of civil conflict, Cambodia now has the distinct status of being one of the least developed countries in East Asia, and one of the poorest in the world with a per capita income of US$260. While significant achievements have been made in addressing the rehabilitation needs as a post-conflict society, much still needs to be done. And time is of the essence. The Bank should move quickly and substantively. While the risks involved may be high, we realize that the risks may be even greater if the Bank pursues a cautious and slow intervention in the case of Cambodia. We believe, however, that the Bank’s lending and non-lending program should be “closely conditioned and calibrated to Government actions”. Second, Cambodia’s overall economic performance has been commendable under difficult circumstances. Recent economic developments show that Cambodia has the capacity and the commitment to achieve positive results: rise in GDP of about 6 percent in 1991-95, growth rate of 7 percent in manufacturing, lower inflation rates from 140 percent in 1990-92 to 3.5 percent in 1995 achieved through tight fiscal management. Third, we should take advantage of the extensive assistance from bilateral and international donors. With the Bank effectively fulfilling its role of coordinating aid efforts, the fundamental development needs of Cambodia should be quickly and extensively put in place setting the country on a high growth path to achieve sustainable development thereby reducing poverty rapidly.
3. We strongly support the Bank's ultimate objective of promoting sustainable development and rapid poverty reduction in Cambodia and the CAS sectoral priorities, especially the natural resources management. We also endorse the view that the three most important considerations in meeting the strategic goals of the CAS objectives are: Institutions, Information and International Cooperation.

4. We would like to emphasize the importance of developing reliable and timely data bases. Technical assistance should be directed to address this need as we believe that good policies and programs can only be formulated with accurate information.

5. As noted in para 13 page 5, women-headed households have been displaced from their landholdings after years of prolonged civil conflict. Other Bank reports on Cambodia indicate that a large proportion of the adult population are women --- 25 percent are estimated to be headed by women and these households are generally among the poorest. The focus on gender in the poverty analysis is most welcome and we would like to see some very specific gender-based programs in the Bank's lending and non-lending activities.

6. Finally, we wish the Cambodian authorities success in their effort to rebuild their country and pursue a sustainable growth path with equity.