



World Bank Group Consultations on Cambodia's Development Challenges and Opportunities
Consultation with Private Sector Representatives
July 10, 2015
SUMMARY OF FEEDBACK

The World Bank Group (WBG) met with 32 private sector representatives in Phnom Penh on July 10, 2015 to exchange views and perceptions on Cambodia's development opportunities and pressing challenges. The discussion focused on three guiding questions:

1. What are Cambodia's development opportunities in the next 2-3 years?
2. What are Cambodia's most pressing challenges to be addressed in the next 2-3 years?
3. What policies, reforms and investments will be most important for Cambodia over the next 2-3 years to realize these opportunities and overcome these challenges?

1. What are Cambodia's development opportunities in the next 2-3 years?

- **Reduced transportation costs:** Businesses can now make use of new improved railway routes in addition to road transportation.
- **Electricity access:** Increased accessibility and reliability of electricity supply.
- **Functioning seaport:** Increases in shipments of goods through the port and availability of services to support Cambodia's economic growth—but the sea port will soon reach maximum capacity.

2. What are Cambodia's most pressing challenges to be addressed in the next 2-3 years?

- **Roads and railways:** High transportation costs, accidents have increased, congestion, heavy loading, lack of road traffic law enforcement, high cost of fuel, bad road conditions.
- **Electricity:** High cost, inadequate electricity distribution, not enough medium-voltage and high-voltage lines, lack of sub-stations in rural areas.



- **Seaport:** Reaching maximum capacity, high costs, rapid fluctuation of peak activities.

- **Airport:** Difficult for foreign carriers to apply for landing permits, informal fees, limited air traffic growth, lack of oversight on growth of local carriers, lagging tourism development (insufficient hotel rooms in Siem Reap/Sihanouk provinces, over-reliance on Angkor Wat (why not for other potential areas).

3. What policies, reforms and investments will be most important for Cambodia over the next 2-3 years to realize these opportunities and overcome these challenges?

- **Road and railway:** Less tax on fuel, improve planning, supervision and inspection of roads and vehicles, boost the use of rail, improve traffic law enforcement, put urban and industrial planning in place.

- **Electricity:** Speed up consolidation of licenses, establish more sub-stations in rural areas, encourage investment to establish more medium- and high-voltage lines and sub-stations.

- **Seaport:** Put a port development plan in place, improve the port equipment and productivity, and improve the scheduling with factories for the use of ports to avoid overcrowding.

- **Airport:** Make landing permit applications transparent and automated, regulate/control issuance of licenses to local carriers (set basic requirements on start-up capital, know-how, etc.), set up tourism board (government involvement and private sector participants), establish common seed money/development fund, government to coordinate urban/tourism development planning, set up training institution for skilled human resources in tourism sector.

- **Manufacturing, Small Medium Enterprises (SMEs) and Service Sector:** Government and private sector should work together to prepare a trade union law, provide quality job training, and support SME policy and branding. Minimum wage for all sectors, publishing and sharing data/information with the public (SMEs, manufacturers, etc.).



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- **Financial Sector:** Promote financial inclusion by implementing financial literacy (focus on health insurance and other financial products), promote financial access for SMEs, including leasing (for access on rural electricity equipment such as solar, bio-mas), warehouse financing, cash flow lending. Improve the legal framework on repossession; develop deposit insurance; strengthen government and private sector dialogue on financial sector development; promote long-term savings and investment products (Private Bond, Equity); support long-term lending; promote establishment of modern payments system to move from cash transactions to digital/mobile payments.
- **Agriculture Sector:** Enhance strategic planning and guidance for all players in the agriculture sector (which includes better coordination of the different agriculture sectors); promote international branding campaigns for Cambodian agriculture products; improve public and private extension services (including farmer supply chain linkages, possibly contract farming).