

**Consultation Meeting of the World Bank Group on Cambodia's Systematic Country Diagnostic**  
**Phnom Penh, 13 December 2016**  
**Summary of Discussions with Officials of the Royal Government of Cambodia**

Top Three Issues Raised: (i) agriculture; (ii) education and skills; (iii) infrastructure, including electricity.

**Priority areas for action**

**Agriculture**

- Since a large percentage of Cambodians are farmers, agriculture is a very important sector to support, but its growth has slowed down in recent years. More efforts should be made to modernize agriculture, with regards to both mechanization and irrigation, as well as to increase access to regional and global markets.
- Specific to water resources and irrigation, it will be important to take into account how upstream water use could impact downstream water resources, especially during the dry season. Current irrigation methods using groundwater pumps have driven up the cost of agriculture production, thereby reducing farmers' competitiveness with other countries.
- It will also be important to ensure that agricultural growth is inclusive and sustainable, both economically and environmentally.
- It may be helpful to form agricultural associations, or cooperatives, to strengthen Cambodia's agricultural competitiveness. In addition to reducing costs and identifying markets, these associations could share their knowledge, experiences and ideas.
- Investments in agriculture are mainly short-term, with little long-term investment occurring – this could also be linked to the high costs.
- Technical training could improve farmers' productivity, both for crops and livestock. Specifically, training on modern techniques, processing, seed varieties and international standards could help the agricultural sector grow.
- Cambodia is importing inputs for other sectors, such as cotton for the garment sector, rather than producing them in-country. However, Cambodia could modernize its techniques to increase the production of cotton and other raw materials needed by companies.

**Education and skills**

- In order for businesses to remain competitive and grow and for people to get good jobs, education and skills training needs to improve at all levels—pre-primary, primary, secondary, tertiary, and technical vocational education and training (TVET). Improvements in both quantity (e.g. access to secondary schools) and quality are required, especially for poor families living in more remote rural areas.
- Strong human resources is the key to attracting foreign investors to Cambodia – if we want them to invest in factories producing refrigerators and televisions, for example, we need to have people trained in the skills required to perform that work. Although some companies in SEZs have begun to implement training programs, much more is needed to expand these types of trainings.
- Education also needs to be more responsive to market needs. In some cases, people are unable to find a job even after the completion of school. Coordination with the private sector on TVET and other skills training programs will be critical to ensure that Cambodians are well-positioned to respond to labor market needs.
- In addition to developing skills for local markets, Cambodia should aspire to develop skills that could be outsourced to other countries where labor is very expensive, such as Singapore.
- Cambodians should also receive technical training to fill jobs in civil society and development organizations.

**Infrastructure, including electricity**

- If we do not improve the country's infrastructure—water, electricity and roads, then the other economic sectors cannot develop.
- Rural infrastructure development is of particular importance.
- Both households and businesses need cheaper and more reliable access to electricity.
- Unless the electricity tariff decreases, Cambodia will be unable to compete with other countries. Electricity is also crucial to establish real industrialization of the country.

**Equality for Women and Other Marginalized Groups**

- Although women are increasing their participation in the labor force, women still do not have equal access to jobs.
- Among women who are working, more efforts need to be made to enforce existing labor laws (e.g. on health for garment workers).
- Women also have lower levels of education and technical skills than men, because their ability to get an education is often low and social norms on gender inequality remain in many parts of the country.
- Other disadvantaged groups and poor people also face problems with equal access on housing and social protection.

**Social Protection and Safety Nets**

- To ensure the wellbeing of all Cambodians, especially the poor, social safeguards/safety nets are very important.
- The government has implemented health services for ID-Poor people, but additional services should be provided as well (e.g. social insurance).

**Trade facilitation and regulation**

- Cambodia needs to diversify its exports as well as continue to grow the garment sector (e.g. currently, fabric is imported, but Cambodians could grow cotton and, thereby, grow both the agriculture and garment sectors).
- Diversification could occur through growth in the industrial sector.
- Growth should be more inclusive so that local people benefit from it.
- Cambodia needs to make more efforts to promote commerce and trade coordination. Improving the business environment would help.
- Currently, Cambodia faces difficulties with competing in global markets. A better system should be established to increase its exports.

**Climate change and disaster risk management**

- Climate change is expected to have negative impacts across the country, particularly in the agricultural sector, where livestock are dying.
- Cambodia needs to be ready to respond to natural disasters.
- Natural resources will also be affected by climate change and natural disasters.

**ICT**

- Modern technologies will be critical for connecting to markets, and equipping entrepreneurs with information to strengthen their enterprise's operations (e.g. disseminate information on products, promote services online).

**Healthcare**

- A healthy population is needed to achieve both Cambodia's growth and poverty alleviation goals. Improvements will be required to strengthen the efficiency and effectiveness of the country's health sector and service provision.

**Institutions, governance, and public service delivery**

- Although political stability has been strong, good governance could be improved. Without good governance, it will be difficult to advance on other important issues to Cambodia's development.
- Reforming the public administration is also needed in order to improve service delivery

**Other Issues**

**Coordination with National Strategies and Development Plans:** Coordination will be important to ensure that the World Bank Group strategy aligns with the government's national strategies and plans.

**Coordination and collaboration across sectors:** Support from both the public and private sectors will be required to effectively and efficiently implement the government's strategies. Only by working together can we continue to grow the economy and reduce poverty.