

**Consultation Meeting of the World Bank Group on Cambodia's Systematic Country Diagnostic  
Phnom Penh, 14 December 2016  
Summary of Discussions with Officials from the National Assembly of the Kingdom of Cambodia**

Top Three Issues Raised: (i) agriculture; (ii) education and skills; (iii) trade facilitation and regulation.

**Priority areas for action**

**Agriculture**

- Agriculture is a very important sector for Cambodia, especially the poor, with farming employing a large proportion of workers. In addition, most of the population lives in rural areas, which have higher poverty rates than urban and peri-urban areas.
- Farmers need higher incomes and to increase the export competitiveness of their products in the region.
- Improving productivity should be a priority. Improving productivity will require the strengthening of technical skills as well as investments in technologies such as irrigation and plowing machinery.
- Improvements in irrigation will be particularly important, to reduce farmers' reliance on rainfall and ensure that Cambodian farmers can work in the agriculture sector similar to how farmers in other countries are working.
- Also, most agriculture products from Cambodia are not of sufficient quality to export to and compete with international markets.
- Addressing the issue of credit access and indebtedness is important, as many farmers are in debt with little capacity to repay their loans. In addition, high interest rates are a concern, particularly when prices are low (currently, the low rice price is a major concern).
- Farmers also need help to avoid using harmful pesticides and other chemical substances. This is important both for the health and nutrition of Cambodians as well as for farmers' export potential to meet market standards. Vietnam is experiencing issues due to the use of pesticides, and Cambodia should not follow the same path.

**Education and skills**

- Although Cambodia has made significant improvements in its human resources and education since 1979, there are pending challenges.
- In addition to improving access to schools, Cambodia also needs more qualified teachers, which takes time.
- It will be important to match technical training with the skills needs of the labor market.
- Cambodia will need to ensure that children are able to receive nine years of free education, and to reduce dropout rates.
- Gender equity is also important, and will require building more schools at the village level, given that females are traditionally not allowed to go far away from the family.

**Trade facilitation and regulation**

- Growth has been strong in recent years, mainly due to strong support for the garment and industrial sectors.
- In the future, Cambodia needs to better integrate into the ASEAN community and further promote its exports regionally.
- Myanmar is a major competitor in the garment sector, and they have lower labor costs. In addition to strengthening its competitiveness in garments, Cambodia should also promote growth in other sectors of the economy.

- To improve its export potential, Cambodia will also need to improve its labor rights and working conditions.
- In addition, Cambodia can work with the WTO and other partners on improving the regulatory environment to attract foreign investors and meet product standards in the United States and in other countries.

**SMEs and access to credit**

- The growth of the SME sector in Cambodia is very important for promoting growth and reducing poverty.
- To grow, SMEs need access to credit / microfinance to develop their enterprises and better compete with other countries.

**Health**

- Although significant progress has been made since 1979, including the construction of hospitals at the district level, more work is needed.
- The high cost of health in households' total expenditure is very concerning, especially among the poor. As a result, people are desperate to take out loans to cover healthcare costs, often causing them to fall below the poverty line or deeper into poverty.
- The development of social safety nets should be strongly considered.
- Delivery of quality services in an efficient manner is also of concern; while some doctors comply with the code of ethics, others do not.

**Electricity**

- The high cost of electricity in Cambodia is a challenge, particularly in comparison with neighboring countries. This is due, in part, to not having enough power sources and also power lines.
- It will be important for Cambodia to determine the right energy mix in the future, given that large-scale hydropower is harmful for fisheries and, thereby, peoples' nutrition and livelihoods. Moreover, when hydro dams are constructed, it will be important to conduct impact studies and have in place resettlement plans.
- Additional capital investments are needed to increase access to electricity across the country.

**Forest and natural resources**

- If Cambodia's natural resources are destroyed, this is not only a disaster for Cambodia but for the world. Therefore, the task to protect natural resources is not only a duty of the government, but of all partners across the globe.

**Public services**

- Cambodia will need to continue to improve the quality of public services, with assistance from development partners, including the WBG.