

**Consultation Meeting of the World Bank Group on Cambodia's Systematic Country Diagnostic**  
**Phnom Penh, 28 November 2016**  
**Summary of Discussions with the Private Sector**

Top Three Issues Raised: (i) institutions, governance, and public service delivery; (ii) agriculture; (iii) infrastructure and urbanization.

**Priority areas for action**

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

- The government needs to strengthen its capacity to better understand private sector needs, as well as to improve the rule of law and the enforcement of regulations.
- Reforms in public administration and service delivery are necessary to help resolve a variety of issues, including reducing the cost of and the number of procedures needed to starting a business. For instance, support for modernizing ICT and e-government services could help to reduce informal fees and overall business operating costs as well as increase government transparency.
- Since corruption is such a big concern for foreign investors, the government should pay greater attention to it. Although progress has been made, more improvements are needed, particularly with regard to informal costs of doing business.
- Tackling corruption in Cambodia will require a widespread, joint effort by both citizens and government.
- Improving Coordination to Address Interconnected Issues: Many issues are interconnected with several others, thereby highlighting the need for improved coordination and the adoption of a systems approach to strategy development. This will require Cambodia to strengthen its capacity to develop cross-sector portfolios and improve its connectivity, including with global markets.

**Agriculture**

- The agricultural sector is of particular importance in Cambodia, given the large proportion of the population living in rural areas.
- Investments in irrigation and machinery are required for more modern farming in Cambodia.
- Improvements in market access and logistics are also required to develop agriculture value chains.
- A more modern agriculture sector will also support improved nutritional outcomes.

**Infrastructure and connectivity**

- Increased investments in transport infrastructure (roads, rail, ports, and telecom) are needed.
- There is a need to improve Public Investment Management to boost infrastructure.

**Urbanization**

- This is an area that presents several interlinkages (connectivity, infrastructure, environment, nutrition...); going forward, there is a need to start thinking about Smart Cities. A well-planned urbanization process requires investments not only in infrastructure, but also in public service delivery, operations and maintenance, education, and ICT.
- Urban planning is key for tourism; there is a need for sidewalks and cleaning in Phnom Penh.

**Environmental sustainability**

- Addressing environmental issues across all of these priority areas is critical for Cambodia, particularly given its high level of exposure and vulnerability to climate change.
- Environmental destruction in Cambodia is already significantly affecting the rural population. In the future, the sustainable management of the country's natural resources will be key to reducing poverty.

**Education and skills**

- Investments are needed in pre-primary education, secondary education, and technical & vocational education and training.

**Healthcare**

- People need to be healthy in order to work, but the quality of health care centers, especially hospitals, is very low in Cambodia. Most Cambodians only go to hospital only when they are very sick, and therefore spend a lot of money on treatment. For many families, this causes a significant financial hardship.

**Finance**

- Improvements are needed in financial access infrastructure.