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Global Witness slams donor complacency over Cambodian corruption

Aid donors to Cambodia, including the EU, US, Japan, China, and the World Bank are failing to act in the face of overwhelming evidence of government corruption and state looting, said international campaign group, Global Witness today.

Three months on from the launch of a [hard-hitting report](#) detailing corruption and nepotism in the nascent extractives industry in Cambodia, Global Witness said that none of the major donors to Cambodia had indicated more than rhetorical willingness to address the issue.

"We approached all the major international donors to present the findings of our report, *Country for Sale*. Some refused to meet with us, others said they shared our concerns, but none made concrete promises to act," said Eleanor Nichol, campaigner at Global Witness. "There is now a large body of evidence which shows that corruption undermines efforts to promote development - and our recent report shows that corruption in Cambodia is rife. Donors must do more to use their influence to help improve governance."

Cambodia is one of the poorest countries in the world and receives significant international aid. Last year donors pledged nearly \$1bn – the equivalent of more than half the national budget. But Global Witness has revealed how government officials at the highest level are allocating the rights to natural resources to themselves and their cronies, with little or no benefit to the majority of the population. In 2006 and 2007 millions of dollars were paid by extractive companies for the right to explore and exploit oil, gas and mineral reserves, yet Global Witness's investigations suggest the money may be missing from the national accounts.

"Managed well, the profits of extractive industries could help lift people out of poverty, but decades of illegal or unsustainable exploitation of natural resources in Cambodia has deprived citizens of their rightful benefits," said Nichol. "Aid is vital and can make a vast difference to poor people's lives - but in Cambodia, international donors are using taxpayers' money to plug a hole made by corrupt politicians. With the country on the brink of yet another exploitation bonanza, turning a blind eye must no longer be an option."

The scale of donor complacency and refusal to engage with the issues raised in *Country for Sale* is best demonstrated by donors that declined to meet with Global Witness. These included France, China and Japan. Others who did agree meet were unhelpful and in some cases obstructive. Even donors who engaged did not agree to push for reforms.

"Some donors are reluctant to demand conditionality, which is understandable, given widespread criticism of inappropriate and damaging loan conditions in the past. However, there is a difference between imposing a set of inflexible rules that are not in a country's interest, and demanding a basic level of transparency and accountability which would help to prevent corruption," said Nichol.

Global Witness is calling for a stop to allocation of concessions until the basic regulatory frameworks are in place and a review of existing concessions to ensure that the companies are fit for purpose.

Global Witness wants donors to:

- Recognise that there is a direct link between governance and development outcomes, and use aid as leverage to improve governance;
- Take immediate steps to integrate and coordinate the donor aid agenda with the urgent need to reform and strengthen the governance of Cambodia's emerging extractive sectors;
- Ensure that anti-corruption efforts are integrated within the core activities of all petroleum and mineral related aid programmes to Cambodia
- Support Cambodian civil society in its efforts to increase transparency and accountability in the management of Cambodia's public assets

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Cambodia's donors are: Australia, Belgium, Canada, China, Denmark, Finland, France, Germany, Ireland, Japan, Sweden, United Kingdom, United States, the United Nations, the European Commission, the Asian Development Bank, the International Monetary Fund, and the World Bank Group