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To : koenders@tk.parlement.nl
cc : kimmo.kiljunen@eduskunta.fi, "nbathily@worldbank.org"
<nbathily@worldbank.org>, "Zuleikha Salim Said" <zsalimsaid@pnowb.org>
Subject: Cambodia: corruption related to World Bank funds

Dear MM. Koenders and Kiljunen,

I am writing to you as colleagues and as Members of the Board of Directors of the Parliamentary Network on the World Bank (PNoWB).

My involvement with PNoWB started since I met and talked with both of you at the Annual Meeting in Paris in 2004. Then, I participated in a field visit in Rwanda in January 2006 and more recently, this early June, I represented the Network at a Wilton Park conference on REDUCING POVERTY: THE ROLES OF PARLIAMENTS, GOVERNMENTS AND NON-STATE ACTORS where I presented the work of PNoWB and invited other Parliamentarians to join the Network.

At the very time when I was brainstorming with other Wilton Park conference participants on how to achieve greater involvement from Parliamentarians in the conception of programs funded by the World Bank, the monitoring of their implementation and the evaluation of their results --involvement which all of us agreed was a sine qua non condition for the success of any poverty reduction program--, I did not know that in my own country, a scandal over corrupt procurement procedures was happening, related to World Bank programs worth more than USD 60 million (out of a total amount of international assistance of USD 600 million per year). I am enclosing a few press cuts that detail this third case of embezzlement of international aid funds, after the first one related to the World Bank demobilization program in 2003 and the second one related to the World Food program in 2004 where the Cambodian government had to pay back USD 2.8 million and USD 900,000 respectively.

http://www.cambodiapolitics.org/news_06/the_cambodia_daily_06/cd_06_06/16_cd1.pdf
http://www.cambodiapolitics.org/news_06/the_cambodia_daily_06/cd_06_06/15_cd1.pdf
http://www.cambodiapolitics.org/news_06/the_cambodia_daily_06/cd_06_06/7_cd3.pdf

I have added another press release
<http://ki-media.blogspot.com/2006/06/world-bank-inspection-panel-finds-slam.html>
that is not directly related to the case of corruption of government officials but puzzles me even more as it "heavily criticises the Bank's own forest management project in Cambodia for breaking internal safeguards, ... and failing to reduce poverty" .

All these recently released information pushes me to alert PNoWB. I wonder if Cambodia is not a golden opportunity for PNoWB to concretely implement at least two of its guiding principles. I quote from PNoWB statement of mission:

- Accountability: to facilitate and encourage direct dialogue between parliamentarians and multilateral development institutions in order to promote greater transparency of the policies and practices in particular of the World Bank, and to also encourage collective accountability;
- Progress Review: to promote the development of parliamentary mechanisms and practices for the effective democratic control of development assistance in all its phases.

Cambodian Opposition Parliamentarians, of whom I am, have consistently and continuously denounced since 1998, a wrong interpretation of our Constitution's Article 90 (new) stipulating that any financial commitment by the government must be approved by the National Assembly. The legal department of the World Bank has considered that it was enough that the government requests a global approval of a certain amount per year, without informing us of the terms of the loans, the identity of the lenders and the projected use of the funds. The legal department contented itself with a formal approval, similar to a blank check, by the National Assembly, in contradiction with the spirit of Article 90 (new) that grants oversight role to the Assembly by giving it the power to 1/ be informed of financial commitments, 2/ discuss the appropriateness of terms and conditions of these commitments and 3/question the use of funds borrowed.

As a result of the Bank legal department's position, nobody apart from a few officials on both (government and Bank) sides know anything about World Bank programs implemented in Cambodia, which explains why everyone is now in such a mess, with Bank officials denouncing corruption of seven infrastructure projects, suspending three ongoing projects and demanding repayment of \$7.6 million on the one hand, and Cambodian officials accusing Bank consultants themselves of corruption on the other ! and the government one day freezing corresponding funds, unfreezing them the following day, or accepting Bank documentation on its officials' corruption one day, stating it is not enough the following day.

Opposition Parliamentarians have requested information from the Bank on that very serious matter, to no avail, and have invited concerned ministers to give information to the Parliament, again to no avail. We have no more information than the one published in the press or on the Bank's website. As of today 19 June, we remain in the dark after the first announcement of the Bank suspension of three projects on 22 May.

This leads me back to the discussion that took place in the Wilton Park conference: some of us, parliamentarians from developing countries, wondered whether the concept of non-interference in domestic affairs was not an excuse not to involve parliaments in poverty reduction programs or other IFI-funded projects. After all, efforts to reduce our poverty could be seen as interfering in our affairs, albeit a positive interference. Why informing parliaments and giving them a say in the decision-making process, would be seen as an interference? On the contrary, we liked what the representative of the IMF at the

conference said about trying to achieve "cross-party support" for poverty reduction programs. In that way, the principle of neutrality vis-a-vis domestic politics would be interpreted more constructively, and would encourage dialogue and consensus building between governments and parliaments. IFIs could say that domestic politics is not their problem, that they would support and fund programs if and when there is national, cross-party support.

Looking forward to discussing these matters with you again soon, and hoping that PNoWB will react to the present corruption scandal in Cambodia involving World Bank-funded projects, I remain

Yours sincerely,

Tioulong Saumura (Ms.),

Member of the National Assembly
of the Kingdom of Cambodia