



## OFF THE RAILS: AusAID and the troubled Cambodian Railways Project

**“In every scheme that worsens the position of the poor, it is the poor who are invoked as beneficiaries.”**

The 2010 Sydney Peace Prize Winner and prominent enviro-activist, Vandana Shiva

Since 2009, the Australian Government, through AusAID, and the Asian Development Bank (ADB) have been funding a project in Cambodia to rehabilitate and privatise the railway system. The project is pitched as an economic driver for Cambodia in which the poor will, in some unarticulated way, eventually share. But as Shiva predicted, a program that uses aid money, money intended to help people overcome poverty, has made life considerably worse for many that stand in its way.

The story begins at least as far back as 2005 when the Asian Development Bank began negotiations with the Cambodian Government to rehabilitate the near unusable railway line, but only on the pre-condition of some form of privatisation. In June 2009 Toll Royal Railways, a consortium of Toll Holdings of Australia and the Royal Group of Cambodia, were awarded a 30-year monopoly concession of Cambodia's railways after having been in negotiations since its selection as concessionaire in 2007. Subsequently AusAID agreed to contribute substantial funding to the project and the ADB extended extra credit.

Whilst Australian companies have benefited from generous public subsidies in order to renovate the railways, many of those in desperate need of aid dollars have missed out. Relocation and resettlement programs have been marred by inadequate compensation packages and forced evictions that have left many in poverty or forced to borrow money to survive. Residents who have refused to accept the packages have been threatened, including with having their homes destroyed. NGOs that have highlighted this intimidation have themselves been targeted with formal warnings by the Cambodian Government, with one NGO being subsequently suspended. Is this the kind of aid program that Australian taxpayers should support?

With high levels of funding comes an expected level of accountability. AusAID has so far conceded relying on “national execution”, that is, relying on the Cambodian Government to manage the relocations, was a mistake and that “everybody has learnt from this experience”.<sup>1</sup> But using people's lives as an experiment is not good enough. AusAID must ensure that people are compensated and that poor people don't suffer from aid in their name again in the future, including changing how it manages aid through the development banks.

Aid/Watch calls on AusAID to change the way it works with multilateral organizations such as the Asian Development Bank to improve transparency, support independent and credible monitoring and ensure that it is the poor that benefit in reality, not only on paper.



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## The Issues

There are four specific issues that are of concern to Aid/Watch

- The obsession with ‘economic development’ over human development, including the privatisation agenda. The project will no doubt improve Cambodia’s economy but will the poor benefit?
- The unclear decision processes that see Australian taxpayers’ money, both directly and indirectly, going to support the privatisation of a national asset to the benefit of two companies with clear links to Australia
- A botched relocation process marked by violence, intimidation and fraud. The process has been in clear contravention of the ADB’s own social safeguards policy and AusAID should have been aware of the Cambodian Government’s woeful history in forced relocations.
- The shutdown of and attacks on Cambodian civil society in direct response to this project.



Photo: Conor Wall

## Economic Development or Human Development?

Project documents that were released by AusAID under proactive disclosure, just weeks after receiving a Freedom of Information request in 2011, reveal the underlying obsession with economic growth and the trickle down-effect.<sup>2</sup> The concept note and the design document were released more or less in their full form, but with significant annexes, such as the economic modelling of the railways, redacted.

### Privatisation

There is a long history of basic service privatisation in developing countries that benefits corporations in the Global North. These programs are often supported by organisations such as the World Bank and the Asian Development Bank and link aid on conditionality of commercialisation of state controlled assets and services.<sup>5</sup> Examples where donor country companies have then been awarded the contract to run these services such as France’s Suez in Bolivia or Britain’s Biwater in Tanzania, have been spectacular failures and hurt the poor, and in many countries these contracts have been terminated after their much lauded benefits failed to materialise. Often public goods are sold at well below market prices through collusion between global capital and local elites, both of whom stand to benefit. In Egypt, it is estimated that the state has lost 90 billion dollars due to such deals, pushed by American development ‘aid’.<sup>6</sup>

Funding for the rehabilitation of the railways was always dependent on the private sector taking over the railway system with no option for the asset to remain in public hands. AusAID’s concept note states that the “ADB’s support for the program was predicated on the Government transferring the railway’s management and operations to a private sector company”. It also lauds the privatisation of state owned railways around the world, bemoaning Asia’s reluctance to sell off its railways – “should the Cambodian restructuring perform as intended it will provide a practical demonstration for other railways in Asia”.<sup>3</sup>

But independent of continued government support, the private sector rarely operates formerly publically-owned services and infrastructure at a profit, meaning many privatisations are more or less corporate welfare. The agreement handing over the railways over to Toll Royal Railways was finally signed in June 2009. Paul Little, Toll Group’s managing director, noted at the time, “the agreement is conditional upon final confirmation of investment by the international community of circa USD 145m”.<sup>4</sup> That is to say, the railways were never going to be rehabilitated by the private sector unless there was a massive public subsidy.

There is no reason why the rehabilitation of the railways could not be undertaken whilst retaining the asset under public management and building the capacity of the Cambodian railways department. The rationale given by both AusAID and ADB is that the railways need massive investment that only the private sector can bring – but as

seen, the rehabilitation is completely subsidised by the Australian and Cambodian taxpayer. AusAID has contributed around USD 3m towards capacity building of the Ministry of Public Works and Transport but this appears to be focussed on its capacity to manage the concession, not to take over the railway once the concession should revert to public hands. There is no plan to skill up the Ministry to take on the railway and this likely will be used as an excuse as to why it should remain in the private sector.

Although the agreement is officially not a privatisation agreement, the more it is looked at the more it is likely that these assets won't revert back to public hands. The concession agreement between Toll Royal Railways and the Royal Government of Cambodia remains a secret and hasn't been revealed, and there is no way of knowing how much the Cambodian Government is receiving, if anything. This is especially worrying in a country like Cambodia, which is routinely ranked as one of the most corrupt countries in the world<sup>7</sup> and where Australian companies have been doing business in murky circumstances for some time.<sup>8</sup> AusAID asserts that its review of the process reveals it was sound, but refuses to release the document for privacy reasons.

## Don't mention the P-Word

Beyond bald-faced statements that economic growth equals poverty reduction, the project has been unable to articulate in any way how it will effectively reduce poverty, as implicitly demanded by AusAID's revised objectives resulting from the Independent Review of Aid Effectiveness, released in July 2011.

In fact, the AusAID concept note and design document do not even mention poverty or the poor at all.<sup>9</sup> The closest it comes to this is through the gender assessment where it makes the quite remarkable claim that the project will result in "improved and affordable access to the major domestic markets...for example for quality agricultural products such as fruit, vegetables and flowers, produced, typically, by women in Cambodia on small plots of land".

But is this a realistic expectation? The Cambodian Food Security Atlas reveals the facts about much romanticised small holder farmers. The average Cambodian plot is 1.5 Ha but 40% of households subsist on less than 0.5Ha whilst landlessness continues to increase. Around 60% of households in Kampot and Takeo, the provinces identified for 'synergy' with AusAID's agricultural programs, have less than 1Ha.<sup>10</sup>

The Global Hunger Index 2011 indicated that the situation in Cambodia is 'serious' and ranked worse than North Korea, Zimbabwe and Myanmar (Burma). The report highlighted the role of the market in keeping poor people hungry and increasing volatility for both consumers and producers and recommended that production gains and food exports must not be achieved at the expense of local food security.<sup>11</sup> To suggest that poor households should be producing flowers for the tables of Phnom Penh instead of being supported to improve the productivity

of their land and diversity of their crop goes against all principles of food security and food sovereignty.

The Asian Development Bank's project documents relating to the railways project reference economic growth as a key to poverty reduction, but they read like a bingo game of meaningless development terms such as "transport creates the foundations for more inclusive and pro-poor economic growth" or enables "the poor to participate more fully in society". The underlying rationale is that increased transport will lower costs of goods that need to be transported and provide increased economic growth opportunities.<sup>12</sup>

But Cambodia certainly has not had a problem with growth; its economy is one of Asia's fastest growing over the past decade. But that growth has been deeply unequal and lead to year on year increases in the disparity between the rich and poor in Cambodia as measured through the Gini Coefficient, an international measure of inequality.

This stellar economic growth has been enjoyed by the rich but paid for by the poor, such as garment workers who earn some of the lowest wages in the world, significantly below what would constitute a living wage.<sup>13</sup> A recent report from the Cambodia Development Research Institute has noted that whilst economic growth in Cambodia has been high "poverty incidence remains high and inequality has increased".<sup>14</sup>

There can be a relationship between economic growth and poverty reduction and improvements in people's lives – but it is by no means naturally causal. The mere presence of economic growth is not a determining factor in reducing poverty, but rather the type of growth is crucial. For example, Papua New Guinea and Bangladesh have experienced impressive economic growth, but growth that has resulted in little tangible benefit to the poor – and in many cases caused them to lose land and access to their communal resources and rights.

The perversities of using economic growth and per capita income as a proxy for poverty reduction and human development are illustrated in the case of the richest country in Africa. The people of Equatorial Guinea are blessed with high economic growth and a continent leading average income of USD 34,475, higher than Japan, France and Spain. But a closer look at the statistics reveal horrific inequalities where the majority of the population are in deep poverty and the country has the world's fourth worst infant mortality rate whilst the rich have captured virtually all the benefits of that economic growth.<sup>15</sup>

It is therefore clear that the railway project's theoretical contribution to economic growth alone, without specific targeting of poverty reduction is an unacceptable use of Australian taxpayer funds, funds that the government recently agreed are meant to "help people overcome poverty".



## Australian-linked Companies Benefiting and Private Sector Welfare

The principle benefactor of the Cambodia Railways project is an entity called Toll Royal Railways, a joint holding between Toll Holdings and the Royal Group, both companies with significant Australian linkages. But who are these companies?

### Toll Holdings

Toll Holdings is one of Australia's biggest companies, employing over 30,000 people in 55 countries and generating revenue of over \$A6.9 billion in 2010. Toll already has existing exposure in the Cambodian markets through its oil and gas logistics business. It also manages similar railway projects in Africa.

### Royal Group

Royal Group is a massive conglomerate, perhaps the largest in Cambodia, whose chairman is Mr. Kith Meng. Kith Meng is a Khmer Australian and Royal Group was originally established in Australia prior to moving to Cambodia in 1990, on the back of strong trading links with the United Nations Transitional Authority in Cambodia. Royal Group owns Cambodia's largest telecommunications company (Mobitel) and television station (Cambodian Television Network). It also specialises in consortiums, including ANZ Royal Bank (with ANZ Bank), Infinity Insurance (with Swiss Re Group and Malaysian/British offshore financial services group Infinity Financial Solutions) and KFC and Pizza Hut brands in Cambodia (with QSR brands of Malaysia).

Kith Meng is extremely well connected, especially to the Cambodian Prime Minister, Hun Sen, one of the longest serving Prime Ministers in the world.<sup>16</sup> According to media reports, the plot of land that the new Australian embassy was built on last year was sold by Kith Meng to the Australian Government for USD 15m, which involved the eviction of several poor and long term squatter families.<sup>17</sup>

### So What?

Australian-linked companies benefitting from Australian aid is nothing new, but it should ring alarm bells. With Toll Holdings noting that their involvement was conditional upon investment by the international community of around USD 145m, Toll stand to benefit in a big way. They also acknowledge "the vital support of the Australian Government, in particular Trade Minister Simon Crean and the Australian Embassy in Phnom Penh".<sup>18</sup> The Department of Foreign Affairs and Trade will not elaborate beyond confirming that support was given in their bid.

Just five months later, despite the project not being part of the Cambodia country strategy, in October 2009 AusAID approved the project. Questions to AusAID about the nature of support and to what degree Toll Holdings involvement influenced their decision to fund remain unanswered and opaque beyond assertions.

AusAID has also insisted that Toll Royal Railways, Royal Group and Toll Holdings have not received any aid money – but this is a simple accounting trick whereby the railway company enjoys the benefit of aid spending (railway sleepers laid, communities forcibly removed) while absolving itself of the responsibility or the accountability for how it is spent. Richard Howard, First Assistant Director General for the Asia Division of AusAID, personally recommended the project be funded and also told the Australian Senate that the companies are not beneficiaries of the project – despite Toll's whole business case for operating the railways being predicated on taxpayers funds being used to rehabilitate the lines.<sup>19</sup>

## Resettlement: Violence, Intimidation and Death

Anyone who has spent any time in Cambodia knows that a project involving the railways was always going to be problematic. Thousands live beside and on top of the railways in Phnom Penh but also along the lines to the North and South throughout the countryside. Many of these communities are poor, lack formal ownership of their land and many are squatter communities. These are the types of communities AusAID is meant to be working with.



Photo: Adrian van Leen

Cambodia's economic growth has often come at the cost of the land of the poor, with land grabbing and land dispute issues obvious to anyone who cares to look. NGOs estimate that around 45% of the country has already been sold off to private interests as a result of mass evictions<sup>20</sup>, with around 10% of the population of Phnom Penh alone having been evicted or displaced since 1990.<sup>21</sup> Links between prominent businessmen and politicians is among the most insidious in Asia and results in the coercive arms of the state, such as the police, the army and the *gendarme* being used to evict residents living on valuable land. The last few years have seen violent evictions in Phnom Penh, such as in Dey Krahorm in 2009, that saw the police and the military violently evict thousands of residents from an area marked for 'economic development'. In 2011, the prominent human rights NGO, LICADHO, filmed the savage beating of an activist who was defending families whose houses were literally being smothered by a lake reclamation project in Boeung Kak. In 2009 alone, the year AusAID was considering funding the railways project, there were 236 new or ongoing significant land disputes, most of which related to 'development'.<sup>22</sup>

## The Plan

AusAID and ADB documents reveal resettlement as a key risk of the project. The revised ADB project documents suggest resettlement of around 4,029 households, including 3,602 households on the railway line, 189 'bamboo railway operators' and 238 in the Samrong development. These are communities that either live in or on the railways themselves, depend on the railways for their livelihoods or live in the corridor-of-impact on either side of the lines.

The Asian Development Bank's Social Safeguards Policy of June 2009 and the earlier Involuntary Resettlement Policy of 1995 are both unambiguous about the rights of those affected by involuntary resettlement. According to those safeguards significant money must be put aside to restore incomes to pre-project levels, compensation must be based on real replacement cost and the whole process must be free from intimidation. For those who are moved to resettlement sites, they must receive better quality housing, secure tenure, and comparable access to employment and guaranteed access to services. No project is meant to proceed without a 'a comprehensive income and livelihood rehabilitation program, supported by an adequate budget... to help displaced persons improve, or at least restore, their incomes and livelihoods'.<sup>23</sup>

## The reality

The project turned deadly in May 2010 with the drowning deaths of two children who had been relocated from Battambang two days earlier along with 52 other families. The site was without running water and electricity when Hut Hoeub, aged 9, and his older sister, Hut Heap, aged 13, went looking for water and drowned in a deep pond. Their father, Sok Choeun, is clear about why it happened; "if we had enough food, enough water, my children would not have died".<sup>24</sup>

In a series of questions-on-notice from Greens leader, Senator Bob Brown, in January 2011, AusAID confirmed that the Australian-funded resettlement advisor attended the Battambang resettlement site in April and "identified actions that were required prior to resettlement commencing in late May". The resettlement went ahead regardless resulting in the deaths of two children. The resettlement advisor did not return to visit the site for another two months, during which time the community had no water and no electricity.<sup>25</sup>

In May 2011, the Australian Broadcasting Corporation's news and current affairs program, Lateline, visited the resettlement sites to look further into the claims. Perhaps the most disturbing part of the program was the comments from ADB Spokesman, Peter Broch. The camera crew that morning had witnessed unsafe water being delivered straight from the river as well as people being forced to eat rats to survive. When interviewing Mr Broch in the palatial ADB offices in Phnom Penh and asked about the issues he replied "as far as I know, the issue had been resolved". The ADB had not bothered to drive the four hours to Battambang to find out.<sup>26</sup> AusAID provides the ADB hundreds of millions

of dollars and ADB staff like Mr Broch receive among the highest salaries in the development sector, all tax free and courtesy of taxpayers around the world.

An external monitoring and post-evaluation for the resettlement plan called *The Social Monitoring Report*, is submitted quarterly as part of the project. The report covering April-July 2010, the period in which the two children died, makes no mention of the event.<sup>27</sup> The reports of the Australian funded resettlement advisor have never been made public.

Further investigation reveals the botching of the Battambang relocations as not an isolated incident. The NGO Bridges Across Borders-Cambodia (BABC) has been pivotal in highlighting the intimidation, forced evictions and inadequate compensation paid. In each relocation site, in Battambang, Sihanoukville and Phnom Penh residents have reported not receiving enough compensation to relocate, intimidation and threats of receiving nothing if they don't agree to move. People are not being made aware of grievance procedures and any compensation residents have received have been based on 2006 figures and are frequently not enough for people to re-establish their lives.

In Battambang, BABC reported that "It appears that almost all families have been forced to borrow money to survive, rebuild houses, connect to electricity and in some cases earn less per day than their interest repayments". In Sihanoukville families reported to BABC that inadequate compensation rates, coupled with inadequate services and facilities at the site, have made resettled residents vulnerable to increased poverty, unsanitary health conditions, and worsened living conditions. In Phnom Penh, residents reported being threatened with having their houses bulldozed and receiving nothing if they didn't sign the inadequate compensation package.

In July 2011, local NGO, Sahmakum Teang Tnaut (STT), published a report comparing field data that the project used to determine residents compensation rates and their own, independent measurements. It sampled the field data provided to 70 households and rechecked them. They found significant problems with all levels of assessment, including household structures calculated wrongly and standardised living allowances applied regardless of family size and clearly ridiculous structural assumptions, such as being compensated for a first floor of a house, but not the second. In conclusion the report stated "in a clear majority of cases, data collected by STT showed HHs [households] were eligible to receive (sometimes significantly) higher rates of compensation than accorded to them by the IRC [Inter-ministerial Resettlement Committee]".<sup>28</sup>

## AusAID should have known better

Inadequate and incompetent resettlement and compensation packages should not have been a surprise to AusAID given the troubled land issue in Cambodia. One need not look further than the Cambodian newspapers to see new cases of land grabbing and botched resettlement. But the AusAID concept paper, written in 2009, openly praised the Cambodian Government's record on resettlement claiming "the IRC [Interministerial Resettlement Committee] has done this work on many earlier ADB, World Bank, and other donor financed projects, and is very familiar with policy requirements".

One such joint project was almost ten years ago, when the ADB and the Cambodian Government joined together for the rehabilitation of the first stage of National Road 1, supposedly under the 1995 ADB guidelines on involuntary resettlement. The project was beset by lack of communication and information, poor resettlement plan, inappropriate compensation and intimidation tactics.<sup>29</sup>

More recently, the second stage in National Road Number 1 has provided further evidence of what happens when donors outsource responsibility for resettlement entirely to the Cambodian Government and the Interministerial Resettlement Committee (IRC), in this case Japan. The NGO Forum Resettlement Action Network released a report in 2008, just a year before AusAID received the request to fund the railways project, that people along National Road No.1 have been seriously and negatively affected by the project. In particular, many said that compensation amounts were not enough to cover the cost of resettlement, and many affected people lost their sources of income after the resettlement'.<sup>30</sup>

In late 2011, First Assistant Director General for Asia Division from AusAID, Richard Moore, told the Federal Senate that AusAID knew that this project would be difficult and that "we knew we were buying more than a few headaches along the way".<sup>31</sup> Mr Moore is entirely right, as seen in Cambodia's woeful and well documented history of botched resettlements, but this doesn't change the facts that even armed with full information, these events were allowed to occur.

## What about Toll?

Toll Holdings has all along insisted resettlement is not its problem. Toll's statement to the Sydney Morning Herald, which investigated the Battambang deaths, stated that "It's not our responsibility under the concession".<sup>32</sup>

Happy to wash it's hands of resettlement when it suits, the Toll Group media kit of October 2010, three months after the deaths in Battambang, proudly announced that "Working with non-governmental organisations (NGOs) in the region, we are also supporting the appropriate reallocation of people living along the railway lines", that Toll is "determined to have a significant positive impact on the local communities with which we operate" and that "Toll Royal Railway understands the impact of our business on the communities in which we work. We want to make a positive difference to the lives of the people of Cambodia".<sup>33</sup>

## The End of Free Speech for Local Organisations?

Cambodia is home to a bright and dynamic civil society made up of non-government organisations, religious organisations, associations and trade unions. Partly due to the legacy of a weak state in the 1990s and partly as a deliberate strategy of the United Nations Transitional Authority in Cambodia (UNTAC), this stands in stark contrast to the highly regulated environment in the other countries in the Mekong region, particularly Lao PDR and Vietnam.

In fact, the AusAID concept note states that "the presence in Cambodia of a large body of NGOs interested in land and settlement matters argues for ADB and AusAID taking a proactive approach to over-viewing the resettlement program". That is to say, that there is a civil society that will hold them to account.

And civil society did hold the project to account, pointing out where resettlement was going wrong to the project and publicising when the project refused to act. For example, in late October, Bridges Across Borders Cambodia, NGO Forum, Sahmakum Teang Tnaut and the Housing Rights Taskforce wrote to the ADB President, alerting him of the tragedies unfolding in Cambodia.

But it is exactly that letter, and the advocacy undertaken by local organisations that has seen the suspension of NGO Sahmakum Teang Tnaut, the organisation that proved that there were widespread irregularities in the resettlement compensation. Formal warnings have also been issued to NGO Forum and Bridges Across Borders, widely believed to be permitted to continue operating due to foreign support and pressure on the Cambodian Government following the suspension of Sahmakum Teang Tnaut.

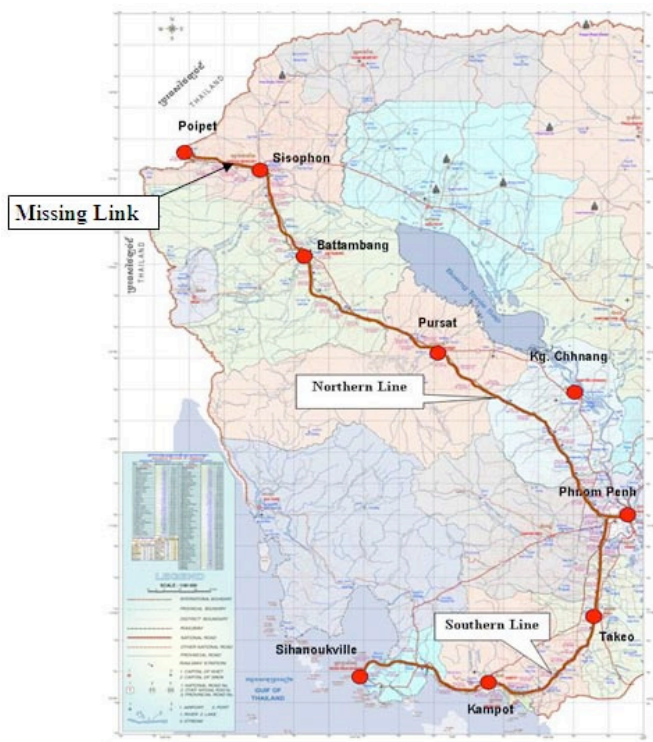
AusAID bears some responsibility for the assault on civil society in Cambodia. The railways project is the fig leaf that the Government of Cambodia is using to attack civil society in the name of 'development' and AusAID or the Australian Government is yet to issue a strong statement condemning the attacks and welcoming NGOs monitoring and critiques of projects. It appears they have, however, meekly "encouraged the Cambodian government to work constructively with NGOs".<sup>34</sup>

There is also credible evidence that the resettlement advisor working on the ADB/AusAID project encouraged the government to shut down NGOs advocating on the railways issue. Deputy Prime Minister Keats Chon, who also sits on the Asian Development Bank Board of Governors, allegedly wrote to the Prime Minister, Hun Sen, with a range of asks on behalf of the consultant, including to "take immediate action" because the Bank was coming under "political pressure and to take "action according to the laws to nullify the eligibility of these NGOs".<sup>35</sup> The Deputy Prime Minister allegedly requested "the Council of Ministers to review and implement the draft law on Association and Non-Governmental Organizations in a speedy manner".<sup>36</sup>



The respected human rights NGO, LICADHO, have described the draft law as “a fundamentally flawed piece of legislation whose only apparent purpose is to control civil society”. The law will severely restrict the ability of NGOs to work in spheres such as advocacy, legal representation and human rights. It is likely to see the closure of pro-poor and human rights NGOs that are seen as an impediment to ‘national development’.

The AusAID railways project has provided the perfect cover for the Cambodian Government to shut down civil society in the name of development. Although the latest version of the law has been sent back for redrafting, it is likely that some version of the law will be passed in the future.



Source: Asian Development Bank

## Conclusion & Recommendations

Aid/Watch accepts that AusAID probably had good intentions in entering this project. But good intentions are not enough, and ignorance is cold comfort to the people whose lives have been destroyed. AusAID has insisted that its involvement with the Cambodian railways and other ADB and World Bank projects is that it “adds value” to these organisations. But AusAID must be judged by the results of its actions through an assessment of what exactly this “added value” is. When development is measured through a narrow neoliberal prism, then the destruction of lives and livelihoods of those who stand in the way of ‘progress’, as witnessed in Cambodia, is the logical conclusion.

The Asian Development Bank and the Government of Cambodia have long histories of hurting poor people for the sake of ‘development’. The railways project has caused significant and permanent damage to many of the communities that literally lay in its way. The Australian public has an expectation that aid spending will benefit the poor, not make their lives worse.

Aid/Watch calls on AusAID to implement the following recommendations:

- Immediately suspend the project and undertake a complete review of the resettlement process, including assessing whether ADB has breached its resettlement guidelines and undertake punitive action if so.
- Pay fair compensation to those negatively affected by the project and ensure that their standard of living returns to at least the same level, if not better, than before the project.
- Suspend cooperation with the Government of Cambodia should NGOs that protect poor people, especially those who are critical of rogue development projects, continue to be targeted, including through a repressive new NGO law.
- Develop independent policies, in cooperation with civil society and academia, around resettlement and develop meaningful mechanisms to ensure that people who need to be resettled as a result of these projects are fully compensated.
- Reconsider its involvement in infrastructure projects and consider whether they really will benefit the poor or the countries ruling elite.
- Support public ownership of essential infrastructure and services and develop a critical and evidence-based privatisation policy. Any private sector involvement in essential services and infrastructure must result in value for money for assets, the funds being used for poverty reduction, access arrangements for citizens according to international human rights law and significant anti-corruption measures in both the donor and the recipient country.
- If it does engage in infrastructure projects with significant resettlement impacts, partner with credible national and international civil society in a transparent process to ensure people are not negatively affected.
- Where Australian companies are clearly the main beneficiary of a project, engage in a transparent process of proactive disclosure of all project documentation, concession or other agreements, and communication to prove that the process was not unduly influenced.

1. 'Commonwealth of Australia Official Committee Hansard: Senate – Foreign Affairs, Defence and Trade Legislation Committee. Estimates 20/10/2011 (<http://www.aph.gov.au/hansard/senate/commtee/s388.pdf>)
2. See project documents released by AusAID under proactive disclosure on 15/8/2011 (<http://www.ausaid.gov.au/foi/disclosure-log.cfm>)
3. 'Greater Mekong Sub –Region: Rehabilitation of the Railway in Cambodia – Concept Paper' (<http://www.ausaid.gov.au/foi/pdf/rail-concept-note-040909-final-public.doc>)
4. 'Media Release: Toll Group to Operate Cambodian Railways' (<http://www.toll.com.au/media/2009/731485.pdf>)
5. See for example 'Privatisation and Conditionality' ([http://www.actionaid.org.uk/index.asp?page\\_id=1097](http://www.actionaid.org.uk/index.asp?page_id=1097))
6. 'In Egypt, Corruption Cases had an American Root' The Washington Post 20/10/2011 ([http://www.washingtonpost.com/investigations/in-egypt-corruption-had-an-american-root/2011/10/07/gIQAAPWoyL\\_story.html](http://www.washingtonpost.com/investigations/in-egypt-corruption-had-an-american-root/2011/10/07/gIQAAPWoyL_story.html))
7. For example by Transparency International (<http://cpi.transparency.org/cpi2011/results/#CountryResults>)
8. See for example allegations against BHP Billiton and Rio Tinto (<http://www.theaustralian.com.au/business/mining-energy/bhp-faces-investigation-into-27m-cambodia-graft-claim/story-e6frg9df-1225856620017>)
9. 'Greater Mekong Sub –Region: Rehabilitation of the Railway in Cambodia – Concept Paper' and 'Cambodia Greater Mekong Subregion (GMS): Rehabilitation of the Railway (Supplementary) Design Summary and Implementation Document' are both found in the AusAID Proactive Disclosure Log (<http://www.ausaid.gov.au/foi/disclosure-log.cfm>)
10. 'The Food Security Atlas of Cambodia – Agricultural Production' (<http://www.foodsecurityatlas.org/khm/country/availability/agricultural-production>)
11. 'The 2011 Global Hunger Index: The Challenge of Hunger – Taming Price Spikes and Excessive Food Volatility' (<http://www.ifpri.org/sites/default/files/publications/ghi11.pdf>)
12. See for example 'Proposed Supplementary Loan and Administration of Grant and Technical Assistance Grant Kingdom of Cambodia: Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project' November 2009 (<http://www.adb.org/Documents/RRPs/CAM/37269-01-CAM-RRP.pdf>)
13. FES notes that Cambodian Garment wages are well below a living wage ([http://www.fes.or.id/fes/download/Survey\\_Result\\_Cambodia.pdf](http://www.fes.or.id/fes/download/Survey_Result_Cambodia.pdf)). This is still true even after taking into account recent wage increases.
14. 'Annual Development Review 2010-2011' Cambodian Development Research Institute (<http://www.cdri.org.kh/index.php/home/187-annual-development-review-2010-11->)
15. See for example 'Scramble for Africa Must Tackle Corruption' The Guardian (21/2/2011) <http://www.guardian.co.uk/business/2011/feb/21/scramble-for-africa-must-tackle-corruption>
16. See 'Royal Connections' The Australian. 20/3/2011. (<http://www.theaustralian.com.au/news/features/royal-connections/story-e6frgabx-1226025478119>)
17. See 'Cambodia Evictions' Foreign Correspondent – Australian Broadcasting Corporation (10/10/2006) (<http://www.abc.net.au/foreign/content/2009/s2634793.htm>)
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## Who is AID/WATCH?

AID/WATCH is an independent membership-based watchdog on aid, trade and debt, working with communities in the Global South. We challenge practices which undermine the ability of communities to determine their own futures and promote development alternatives based on social and environmental justice. We research and evaluate development policies and practices and we campaign around these issues as part of the global justice movement.

### AID/WATCH believes aid should:

- first and foremost be guided by the needs of communities, allowing communities to determine their own development needs;
- promote local ownership and sustainability;
- be based on principles of social and environmental justice and support sustainable and long-term self-determination; and
- be a mechanism of global social responsibility, not a tool for Australia's national interest.

The final outcome of aid should be to remove the need for aid.

## You can help make aid fair

AID/WATCH is gearing up for a broad campaign to change Australia's aid policies and practices. And we need your help!

To find out more go to [www.aidwatch.org.au/actnow](http://www.aidwatch.org.au/actnow) or email us at [MakeAidFair@aidwatch.org.au](mailto:MakeAidFair@aidwatch.org.au)

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