

Cambodia Keeps Taking, Gives Little

By Hannah Beech/Bangkok *Time Magazine* June, 2007

Why do the rich nations keep funneling millions of dollars every year to a corrupt country like Cambodia? Each summer, at around this time, for more than a decade, international donors have pledged huge sums to prop up the impoverished Southeast Asian nation. The donors unveil a goody bag of financial aid contingent on the country tackling endemic problems like corruption, human-rights violations and environmental degradation. And each year, like ritual, longtime Cambodian Prime Minister Hun Sen dutifully pledges to clean up the government's act. Alas, also like ritual, little or nothing happens. Yet somehow the entire ceremony repeats itself year after year.

On Wednesday, June 20, foreign donors — a collection of foreign governments, multinational banks and various U.N. agencies — promised to funnel \$689 million of aid to Cambodia, a 15% increase from last year and an amount roughly equivalent to half the nation's annual budget. This year, they did issue statements chastising the Hun Sen government for failing to adequately battle widespread graft. Cambodia ranks No. 151 out of 163 nations surveyed in Transparency International's 2006 government corruption index. Addressing donor representatives gathered in the Cambodian capital Phnom Penh this month, Hun Sen promised that long-delayed anti-corruption legislation would be passed "as soon as possible." The statement was a virtual carbon copy of what he had pledged last year.

Foreign aid has long been employed as a political tool, with varying levels of success. Rich economies get to feel good about sharing their wealth with the less fortunate. At the same time, Western nations dole out cash to poorer economies in hopes of encouraging budding democratization efforts. But if anything, Cambodia has continued to backslide. A Hun Sen-backed coup in 1997 removed Co-Prime Minister Prince Norodom Ranariddh. Opposition party members are regularly harassed. And a July 2006 deadline imposed by Hun Sen himself for introducing a draft of anti-corruption legislation passed with no evidence of any such document.

The country's economy has grown (more than 10% last year, due in part to tourism and the textile industry). But wealth appears to be concentrated in the hands of the few. Earlier this month, the international watchdog organization Global Witness released the findings of a three-year investigation that accuses a network of Hun Sen's relatives and friends of having made tens of millions of dollars from illegal logging. (Several of those implicated by Global Witness have denied the allegations, and the watchdog's

report itself has been banned from domestic distribution by the Cambodian government.) In the report, Global Witness castigates the international donor community for facilitating what it labels a deeply corrupt Cambodian ruling class: "Donor support has failed to produce reforms that would make the government more accountable to its citizens. Instead, the government is successfully exploiting international aid as a source of political legitimacy."

The trouble is that Cambodia does not have to depend only on Western donors to help it patch together its economy and government. There is China. Unlike other foreign governments, China puts few strings on its aid, and its generosity in doling out funds for the Cambodian government now rivals Western munificence. Last year, Hun Sen publicly praised Cambodia's "most trustworthy friend" China for its pledge of \$600 million in aid and loans; this month, the Cambodian Prime Minister went on to thank the Communist giant for giving money without "order[ing] us to do this or that" — presumably in contrast to pesky requests for reform from other international benefactors. "China has changed the game," says Sok Hach, director of the independent Economic Institute of Cambodia. "Their attitude toward aid has decreased the leverage of the rest of the world."

Further diluting international influence is the potential of oil and gas revenues to transform Cambodia's still largely agrarian economy. Two years ago, Chevron announced the discovery of offshore oil reserves in Cambodia. If natural-resources dollars do start flowing in 2010, as some expect, the country may for the first time enjoy a major revenue source that could help it stand on its own feet. Yet, in countries like Nigeria, oil money has only served to enrich a tiny minority while leaving the rest of the country impoverished. And the alternate source of income may only make it more difficult for Western efforts to tie aid to improved Cambodian governance.

Nevertheless, some human-rights groups blame the donor community for their consistent unwillingness to pull aid when their pleas for reform aren't met. "The donors' list of conditions hardly changes over time, and the government simply ignores them year after year," says Brad Adams, Asia director of New York-based Human Rights Watch. "Hun Sen continues to run circles around the donors, making the same empty promises every year and laughing all the way to the bank."