

INDOCHINA RESEARCH

Investment Climate Survey Preliminary Results

November 2007



**The World Bank
CAMBODIA COUNTRY OFFICE**



INDOCHINA RESEARCH

2007 Investment Climate Assessment (ICA)



-  **Prepared by:** The World Bank Group in partnership with the Royal Government of Cambodia (RGC) and development partners.

-  **Objective:** to support the RGC's agenda to improve the business climate for private sector-led growth.

-  **The ICA will:**
 -  review progress and identify emerging issues about the investment climate since 2004
 -  deepen the analysis on issues of productivity and diversification
 -  update policy recommendations to improve the business environment



Investment Climate Survey (ICS)



 The ICS seeks to provide feedback from enterprises on the state of the investment climate. It forms the analytical background for the ICA.

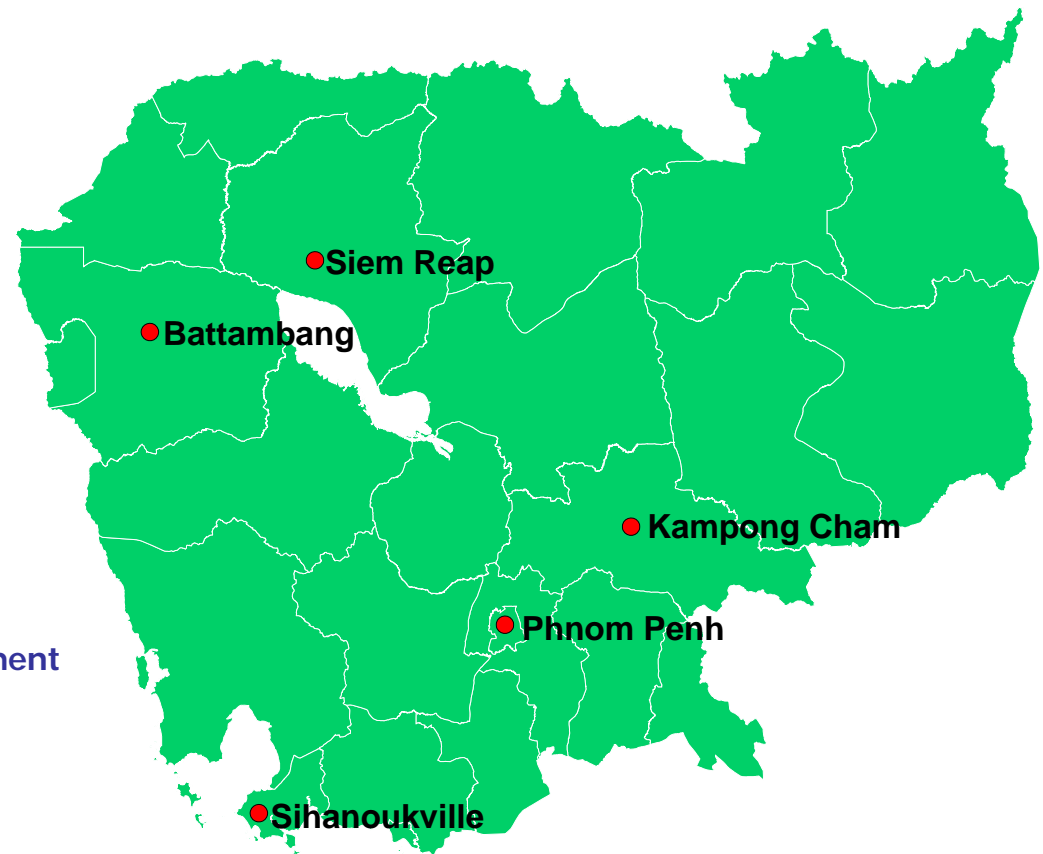
 **Fieldwork:** Sept – Dec 2007

 **500 firms in key sectors:**

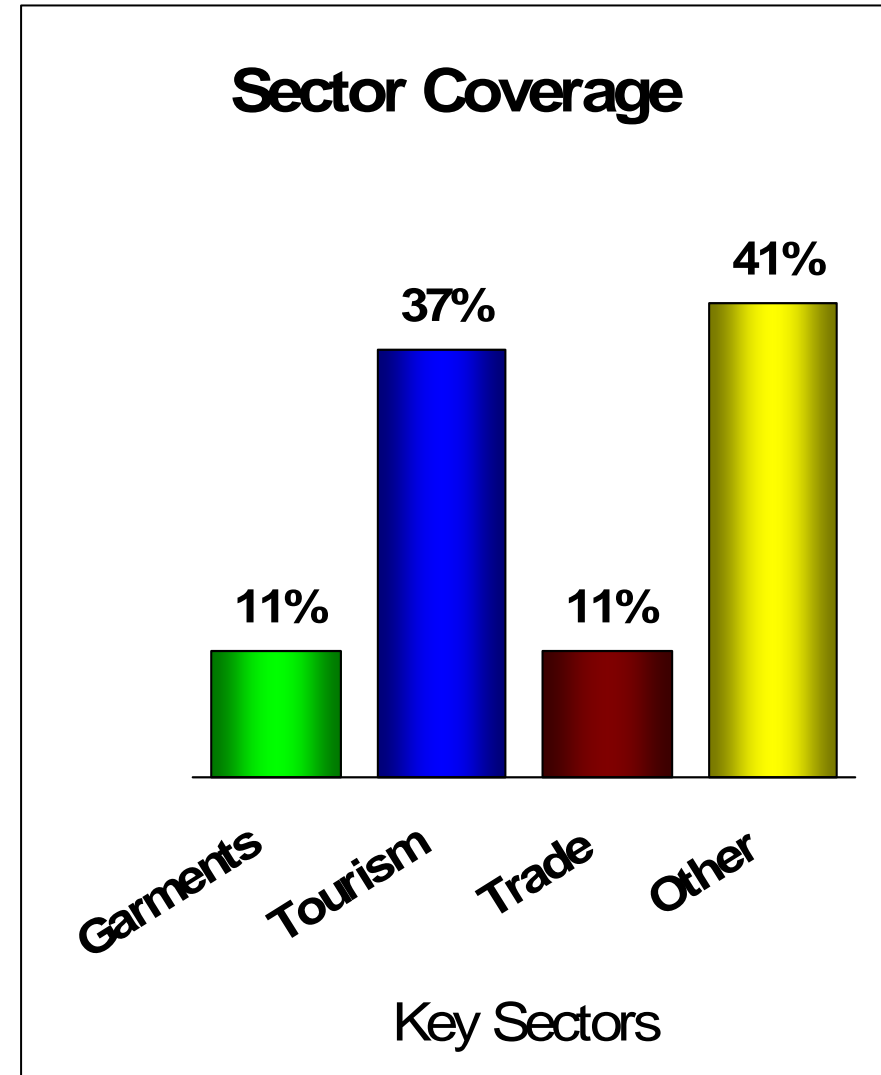
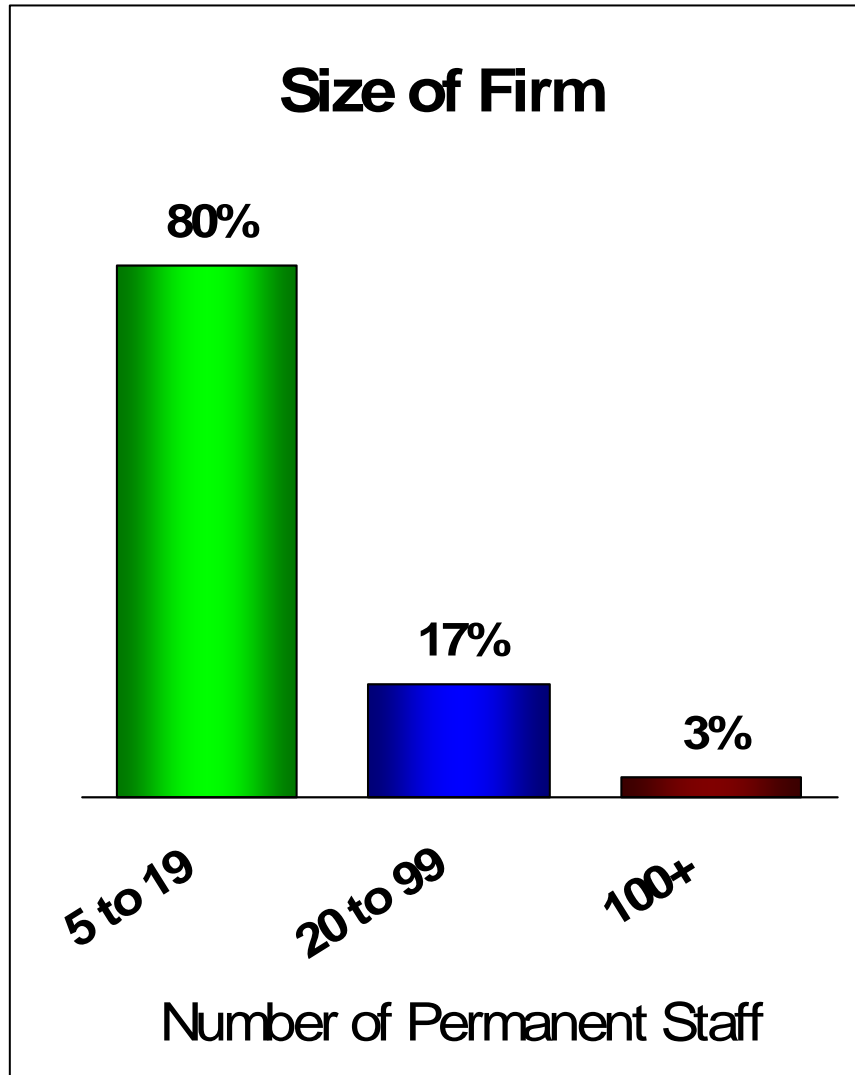
- Garment manufacturers
- Tourism sector
- Retail and wholesale traders

 **Information scope:**

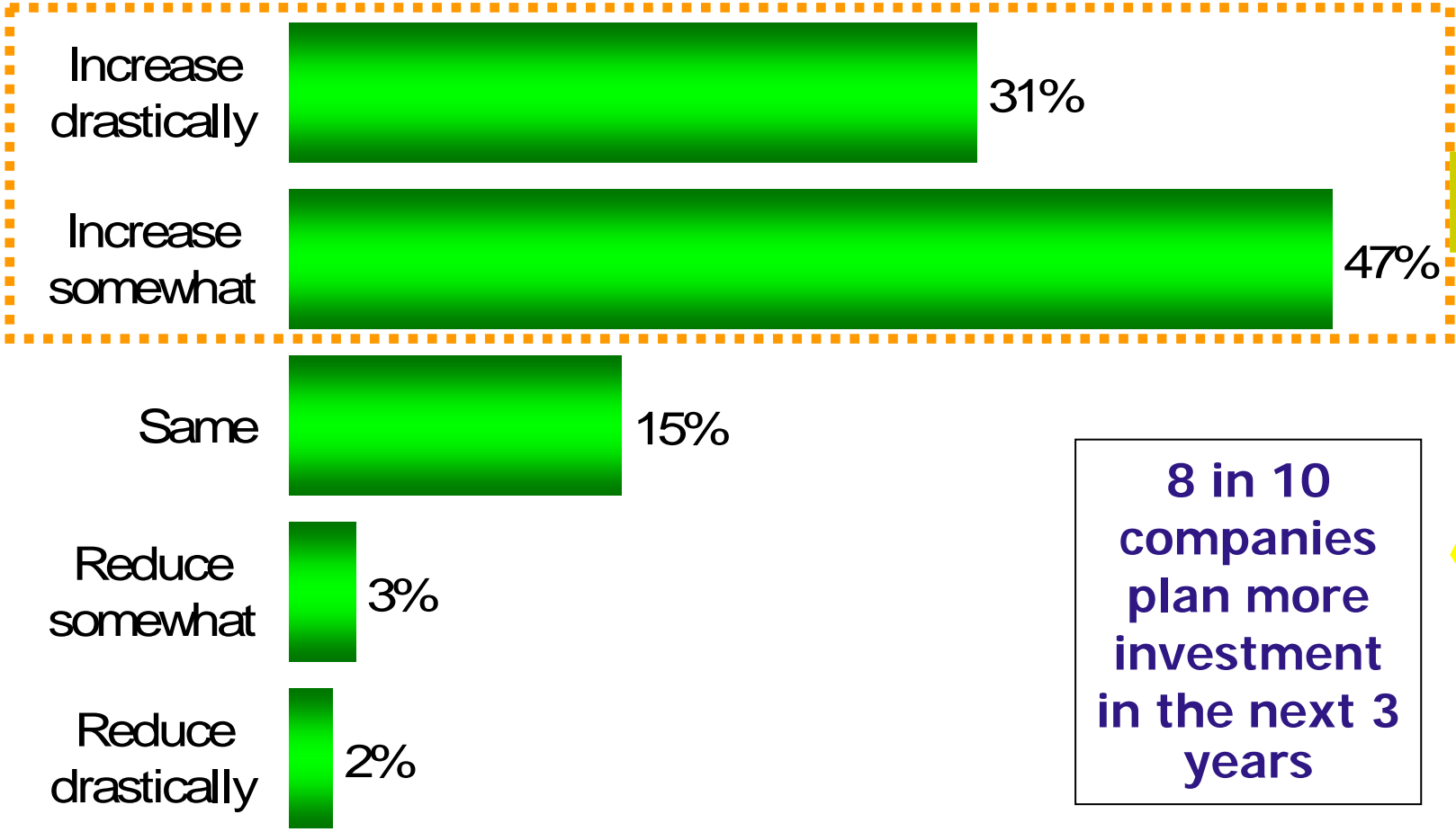
- Sales, Supplies, and Logistics
- Degree of Competition
- Infrastructure and Services
- Finance
- Technology and Training
- Business-Government Relations
- Conflict Resolution / Legal Environment
- Crime
- Labor Relations
- Productivity



Firms interviewed to date



Investment Outlook



Obstacles to operation & growth of business

Major

Corruption

Anti-competitive or informal practices

Macro economic instability

Electricity

Moderate

Economic & regulatory policy uncertainty

Cost of financing

Crime, theft and disorder

Minor

Access to financing

Tax rates

Telecommunications

Tax Administration

Skills & education of available workers

Customs and trade regulations

Business licensing and operating permits



Transportation

Legal system / conflict resolution



Perceived influence on business regulation

MOST INFLUENCE

-  **Individuals or firms with close personal ties to political leaders**
-  **Organized crime**

-  **Business associations**
-  **Foreign firms**
-  **Labor Unions**
-  **Dominant firms or conglomerates in key sectors of the economy**

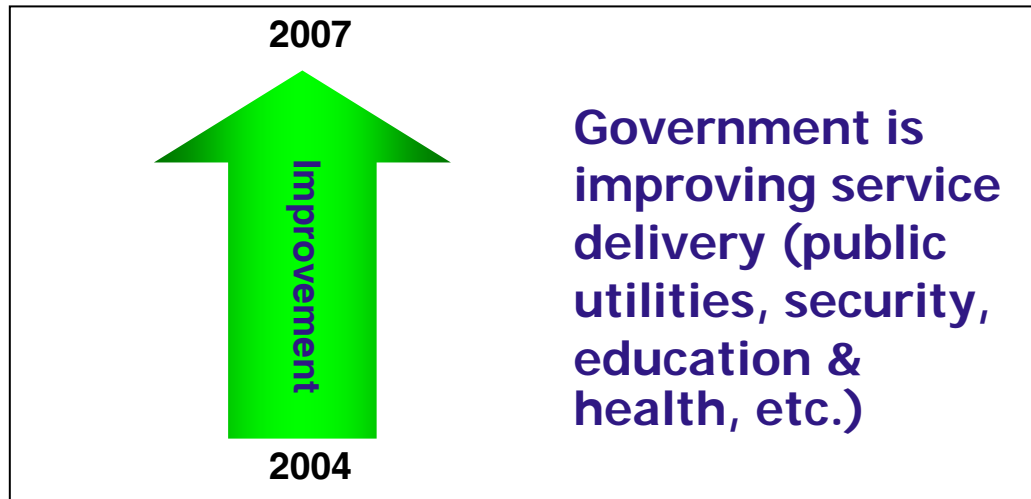
LEAST INFLUENCE

-  **International development agencies or foreign governments**
-  **Regional or local government**
-  **Other domestic firms**
-  **Military**
-  **Your firm**





Views on Government

Change between 2004 and 2007



No significant change in following key areas since 2004:

-  Consistent interpretation of regulations
-  Willingness of judicial system to enforce contractual & property rights in business disputes





-  **We want to hear from you! Participation encouraged!**
-  **400 firms to go**
-  **Survey is a “voice” for the private sector**
-  **Results in early 2008**

