

# Australian aid and Cambodia's troubled rail project

By Ashlee Betteridge

The Asian Development Bank (ADB) has released a damning Compliance Panel Review (CPR) report of a controversial railway redevelopment project in Cambodia, which was supported by Australian aid.

Activists have long challenged the project's forced resettlement of thousands of poor families who had made makeshift homes along disused railway tracks, alleging inadequate compensation, threats, harassment, inadequate facilities at resettlement sites and adverse impacts on livelihoods.

The [CPR report](#) [pdf], released on Friday, agreed with many of these concerns and found that the project was non-compliant with a number of ADB safeguards.

The review found that project caused "direct, adverse and material harm" to the resettled families, with "insufficient compensation for loss of property and incomes... lack of electricity and water services at resettlement sites as well as from poor access roads... weak or ineffective grievance redress mechanisms... lack of timely assistance for income restoration... indebtedness and insufficient information and consultation."

In 2010, it was [alleged](#) that the drowning death of two siblings in a reservoir at the Battambang resettlement site was caused by a lack of running water. The CPR report found that the ADB did not perform due diligence on resettlement site facilities, and recommended that the ADB make a payment to the family without admitting liability. It also recommended payment to the family of a child killed walking a long distance home after being relocated to a site with no primary school.

The report demonstrated the drop in incomes of the affected families and made recommendations for the ADB to redress the situation.

AusAID (now DFAT) [contributed](#) [pdf] \$27 million to the project and an Australian company, Toll Holdings, was part of a joint venture to manage the railways. A complaint against the project was filed with the [Australian Human Rights Commission](#) [pdf] in 2012 and it has also been the subject of questioning at Senate Estimates hearings. As we reported in 2012, AusAID [admitted](#) there had been problems with the resettlement component of the project and [provided extra funds](#).

In response to the CPR report, a spokesman from DFAT [told the SMH](#) that even though Australia was no longer funding the project, it supported the ADB's decision to bring the project into full compliance with its safeguard policies. The [just-released](#) Annual Program Performance Review (APPR) for Cambodia confirms that Australian funding for the project expired at the end 2013, but states that "Australia will continue to support the resettlement process until the projected project completion date in December 2014". The project is rated as "less than adequate" in terms of both effectiveness and efficiency. The latest monitoring and review document on the [Australian aid web site for this project](#) is from July 2012.

Completion of the troubled rail project is now [on hold indefinitely](#), according to an official from Cambodia's Transportation Ministry, after the government ran out of funds to complete the line from Phnom Penh to the Thai border following cost blowouts and delays. One line between Sihanoukville and Phnom Penh is already operating.

What role Australia will play if it is not providing any further funding remains to be seen. But, given the significant investment of funds to date, the resettlement and broader problems the project has encountered, and the Coalition wanting Australian aid to do more not less infrastructure, the Cambodia railway project

clearly remains one to watch.

## **About the author/s**

### **Ashlee Betteridge**

Ashlee Betteridge was the Manager of the Development Policy Centre until April 2021. She was previously a Research Officer at the centre from 2013-2017. A former journalist, she holds a Master of Public Policy (Development Policy) from ANU and has development experience in Indonesia and Timor-Leste. She now works as a development consultant.