Translated from Khmer

Welcome Remarks
by H. E. Mr. Keat Chhon
Senior Minister and Minister of Economy and Finance
At the Formal Launching Ceremony
of the Public Financial Management Reform Program
Government Palace, 05 December 2004

Today I am very proud that the Ministry of Economy and Finance is formally launching the public financial reform program at the very best timing for contributing to the implementation of the policy agenda of the Royal Government of the third legislature of the National Assembly and especially ***"the Rectangular Strategy"*** of the Prime Minister ***for Growth, Employment, Equity and Efficiency in Cambodia."***

Indeed, this is not the first reform program of the Royal Government of Cambodia. Since the mid-1980s Cambodia has embarked on a reform toward a free market economy and after going through many difficulties and constraints the country reached a no turning point in 1989 and adopted an even a higher speed of reform especially after the first and historical general election in 1993. The Royal Government (RG) of the first National Assembly prepared and implemented a comprehensive macroeconomic policy and structural reform program, which together with efforts to integrate Cambodia's economy into the region and the world, resulted in Cambodia's becoming a member of ASEAN and WTO.

The RG has also recognized the fundamental importance of improving its administration of public finance and some necessary measures have been set out and implemented since the 1980s, especially revenue mobilization and budget expenditure management measures. In fact, the draft law on the financial system, prepared in 1989 during the State of Cambodia, was submitted to and passed by the National Assembly in 1993.

Since the first legislature of the National Assembly, the Ministry of Economy and Finance (MEF) has set out and implemented numerous activities to strengthen economic and public financial management while establishing good governance systems with an active participation of development partners. During the second legislature of the National Assembly and especially during the implementation of the "***Triangular Strategy"*** of the Prime Minister Hun Sen, our economic and public financial reform program have achieved significant outcomes concentrated around some important priorities including strengthening governance, ensuring macroeconomic stability, strengthening banking and financial systems, implementing fiscal reform, improving state property management, increasing investment in physical and social infrastructure sectors, promoting private sector development and human resource development.

However, the RG has recognized that the public financial management system in Cambodia is still weak and good governance in managing public finance is still a major concern of the RG. In this context, it is necessary to continue promoting the implementation of a deeper, systematic, and comprehensive public financial management reform program. Especially, it has been reemphasized the priority and necessity to continue improving the public financial management system by the ***"Rectangular Strategies for Growth, Employment, Equity and Efficiency in Cambodia"*** which has been set out by Samdach Prime Minister Hun Sen as an economic policy agenda of the RG within the third legislature of the National Assembly.

Based on this policy priority, the Ministry of Economy and Finance has embarked on a systematic evaluation of the state of the administration's public financial management

system to draw on all related documents such as assessment reports, analytical and evaluation reports, as well as other related reports in the area of public financial management, and experience from RG's reform programs, especially the Strengthening Economic and Financial Management program, which also known as the Technical Cooperation Assistance Program (TCAP), and the Integrated Fiduciary Assessment and Public Expenditure Review (IFAPER). The important goal has been to develop a comprehensive public financial management reform program with high ownership and responsibility of the Government; a clear long-term vision; and a stage-by-stage program with clear and realistic action plans for each stage toward achieving the long-term vision by 2015.

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These efforts have been recognized and strongly supported by our development partners, including bilateral partners and international agencies, through a common agreement on adopting a ***"Sector Wide Approach (SWAp)"*** as the modality for the preparation and implementation of this important and comprehensive public financial management reform program.

With the strong support of our international development partners, the RGC has produced a public financial management vision document which will serve as a guide for the stage by stage implementation of a comprehensive and systematic public financial reform program envisions being achieved in 2015. The most important difference of this reform program from other previous programs is that this program was constructed with a clear structure and a realistic action plan developed stage by stage with strategies to build institutional capacity and human resource, including the provision of equipment and other necessary supports as well as appropriate technology.

In general, the implementation of this reform program is divided into four major stages in the first stage (2004 to 2006) MEF will implement over 200 actions spanning 27 major important activities. Therefore, step by step the RG will be able to promote efficiency and strengthen public financial management, while developing capacity for government officials at all levels and at all ministries and government agencies and as well as at provincial and commune-sangkat levels. In this regard, the RG will be able to provide more resources and directly support priorities from central to line ministries and government agencies as well as to local government agencies at the provincial and commune-sangkat levels. In addition, MEF will also assist in enhancing responsibility of all spending agencies in implementing their program in order to achieve the economic and social policy goals of the RG.

The Ministry of Economy and Finance would like to express its great gratitude to Samdach Prime Minister Hun Sen, who has approved on the reform program and provided encouragement and support to this important and necessary initiative. The Ministry of Economy and Finance, as the only secretary for Samdach Prime Minister and the only commander of this economic and financial management program, has an obligation to lead the implementation of this reform program toward successful completion. However, the Ministry of Economy and Finance efforts alone is not enough, we need the full support of the RCG to carry the program to successful completion. Government officials at all level who are involved in public financial management both in the revenue and expenditure areas all have a responsibility for this work. Each official has to actively participate in this work so that we will be able to achieve a stable and strong public financial management system with transparent and clear accountability, which will ultimately and efficiently respond to the priority and the need for national development, especially poverty reduction for the Cambodian people.