

CAMBODIA DEVELOPMENT COOPERATION FORUM (CDCF)

Statement of

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On NSDP-MTR and Progress of CMDGs

Palais du Gouvernement (CDC), 4-5 December 2008

Excellency, Mr. Chairman,
Excellencies,
Ladies and Gentlemen,

1. I am very pleased to attend and participate in this important session. Our revered Prime Minister, Samdech Hun Sen, in his far reaching opening address, has already outlined to us important achievements of the Royal Government of Cambodia so far along with the vision and prospects for the future.

2. My task is therefore somewhat limited. I will present to you a broad overview of the status of implementation of the National Strategic Development Plan, NSDP, 2006-2010, including the progress and expectations relating to the Cambodia Millennium Development Goals (CMDGs). I will do so by summarizing to you the report on the Mid-Term Review (MTR) of NSDP.

3. The NSDP was prepared in 2005 through an intense and extensive process of consultations with all stakeholders in successive stages of preparation. It synthesized the earlier National Poverty Reduction Strategy (NPRS) and the Cambodia Millennium Development Goals. It was thus a single, holistic and integrated document covering all aspects of Cambodia's governance and socio-economic objectives. It projected realistic levels of achievements taking into account all available and foreseeable resources. With rapid poverty reduction as its major focus, it was pro-poor and pro-rural in nature, while emphasizing the need for robust, steady and sustainable macro-economic growth and progress in all sectors. 60% of available resources were devoted to accrue benefits to the rural areas.

4. Like the NSDP, its Mid-Term Review, covering the period from January 2006 to September 2008, was also prepared in an inclusive manner involving consultations with all stakeholders in successive stages, starting from January 2008 and culminating in the Inter-Ministerial meeting held on 2 October 2008. It has drawn on four sources of information, viz., (i) from RGC ministries and agencies, (ii) from all External Development Partners, (iii) from published data derived from several documents, and (iv) from the overall RGC knowledge of general developments in the country and globally. As such I have no doubt that all of you are already fully familiar with its contents as a final version of the NSDP-MTR has already been circulated to you.

5. The MTR is a holistic document providing a broad overview of the situation in Cambodia and global events affecting us. It takes stock of the progress so far and the situation

at present. It mentions both successes and shortfalls in a neutral and objective manner. It surveys the global situation and how they impact on Cambodia for the present and the future. Taking these into account it stresses some sectors where priority attention needs to be devoted in an urgent manner not only to meet our poverty reduction targets but also to keep our economy on an even keel and avoid possible problems. It sets revised goals and targets and makes projections and forecasts for the future. It looks at emerging financial needs and resources, and makes sure that our progress continues without serious set backs. The MTR before you is the only document which looks at the whole Cambodian scene in an impartial and inclusive manner.

6. The major progress during the last nearly three years include:

- Peace, political stability, security and social order, and public governance have been further enhanced, strengthened, and consolidated. These have been manifested through indicators such as:
 1. satisfactory results of peaceful, orderly, and free and fair conduct of second commune elections and the fourth general elections to the National Assembly;
 2. the rapid increase (double from 2006 to 2008) in FDI in Cambodia;
 3. continued legal and judicial reforms and public administration reforms.
- poverty reducing at more than the expected 1 percentage point per annum, dropping down from 34.7% in 2004 to 30.1 % in 2007.
- high, double-digit, macro-economic growth with low inflation and a stable exchange rate between Cambodian Riel and US dollar.
- high increases in government revenues and current budget surpluses.
- better than earlier anticipated progress in health and education indicators.
- population registering a lower level of growth in the last ten years than earlier estimated.
- progress towards achieving CMDGs, particularly in the health and education sectors, has been impressive. As outlined in Chapter III of the MTR we are well on the way to achieving many of the important CMDGs by 2010 and 2015 though we have to struggle more to achieve some others.

7. In terms of shortfalls and less than expected progress:

- inflation has increased beyond acceptable levels starting in late 2007 which has impacted on all sectors - this continues to be a major concern for the government and everything possible will be done to limit its adverse effects especially on the poor people.
- in the next few years our economic growth rate will be lesser than at the rate of digits which we experienced in the past few years.
- high increases in food prices affecting mostly the poor people.
- disappointingly, little or no progress has been made to align development partner resources to NSDP priorities by reviewing all ongoing programmes and projects as called for in the NSDP.
- within RGC, better coordination has to be achieved among all agencies and capacity building continues to be a daunting issue.

8. Compounding the internal shortfalls, Cambodia, with its increasing economic integration with the region and the world at large, is also being buffeted by cataclysmic global developments such as highly volatile and unpredictable fuel and food prices and other factors. The situation relating to global financial markets has been deteriorating rapidly since the NSDP-MTR was finalised in early October 2008. Shock waves of tsunamic proportions are born every day and spread fast around the globe. Reputed and well-known financial and manufacturing institutions are collapsing and stock markets have lost a lot of value. Most developed economies are hovering at the edge of recession, depressing demands for goods and services which developing countries including Cambodia have a competitive advantage to produce and supply. The roll-on effects of this situation put at serious risk our ability to meet CMDGs. Progress on poverty alleviation could be stunted and there is also a risk of people on the edge of poverty sliding below the threshold.

9. The MTR notes that the global and internal problems, now and as may emerge, provides Cambodia a unique opportunity to realign our priorities and to focus on our inherent strengths to diversify our economy in a rapid and sustainable manner. The central message from the MTR is that we need to concertedly attend to poverty reduction by maintaining and enhancing macro-economic growth, through increased agricultural productivity, better land management and accelerated rural development, even as we keep the momentum of progress in all other development efforts. We need to continue with the pro-poor and pro-rural focus.

10. As our revered Prime Minister has already stated, the term of NSDP will be extended by another three years to end of 2013. We will announce more details, projections, forecasts, programmes and plans for the extended period when we conduct and present another comprehensive review of NSDP implementation in 2010.

Excellencies, Ladies and Gentlemen,

11. In conclusion, I wish to make four important requests to all of you:

- First, we in the RGC fully understand and appreciate that the current economic crisis in most developed countries places severe constraints on their internal resources. However, let this not affect availability of funds for achieving vital CMDGs. Any shortfalls in such resources would have serious adverse effects on human well being in the long term and would cost more in the years to come in social, humanitarian and even in economic terms. Please therefore ensure full availability of all the required resources for NSDP implementation. Let the poor not suffer for the avaricious misadventures of the rich.
- Second, as the MTR has noted, most poverty reduction gains have so far occurred through 'trickle-down' effects from a largely urban-based, and fast growing economy in Cambodia. This alone is not enough. Much more concerted efforts are needed to attend to innovative grass-root based programmes to improve rural incomes and empower the poor in economic terms. There are several such efforts already ongoing and these need to expand.
- Third, I would like to echo the call of our Prime Minister in his foreword to the MTR. The MTR "is a critical, action-oriented agenda for immediate action". Success will mainly depend on the optimal use of all resources in a well-coordinated manner. Please therefore make every effort towards this objective through pooling together all

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resources, both domestic and foreign. TWGs and other mechanisms need to get more active in achieving this in a conscientious and concerted manner.

- Fourth, I suggest in this connection that the allocations of available resources need to be clearly directed to NSDP priorities for the next two and a half years.

12. I look forward to meaningful discussions on the MTR.

Thank you. •••