

Session IIA Private Sector Development

Delivered by H.E. Masafumi Kuroki, Ambassador of Japan

On behalf of Development Partners at the

3rd CAMBODIA DEVELOPMENT COOPERATION FORUM

Phnom Penh, June 2, 2010

Excellency Keat Chhon, Deputy Prime Minister and Minister of Economy and Finance,

Excellencies, Ladies and Gentlemen,

Cambodia has achieved a remarkable decade of economic growth since peace was achieved, and is now emerging from the impact of the recent global economic crisis. This crisis has underscored the need to continue to diversify sources of growth, build on Cambodia's comparative advantages such as its land, historical heritage, labor force, and natural resources, and mobilize more savings. The crisis has also accentuated the need to create some 250,000 jobs every year, for the quarter of a million young people coming into the labor market, with increasing skills and expectations.

A proper investment environment is essential to attract foreign as well as domestic investors, preferably toward sectors that create jobs, develop Cambodia's export potential, and respect sustainable management of Cambodia's natural resources. Such an environment includes a good legal and regulatory framework, with the appropriate governance to ensure fair compliance, affordable and accessible infrastructure, and a healthy and well educated workforce. Cambodia has another asset: the quality of dialogue with the private sector, through the Government-Private Sector Forum. I would like to recognize the efforts of the Royal Government and the Forum's working groups in creating this space for identifying and addressing constraints to private sector development. Development Partners hope the G-PSF will continue to be an efficient platform for the private sector to discuss with the Government.

Development Partners will continue to provide ODA to support the financing of hardware and software infrastructure for private sector development. Development Partners' contribution also includes preferential access to markets, which Cambodia is increasingly enjoying. Development Partners would like to commend the Royal Government for piloting the Trade Sector Wide Approach (Trade SWAp) as a means to implement "aid-for-trade". A number of Development Partners are also actively supporting the Royal Government's efforts in attracting foreign investors.

Building on these challenges and opportunities, we would like to raise a number of questions for discussion:

- What specific policies and concrete measures is the Royal Government considering to facilitate the diversification and the deepening of the industries? For example, what role does the Royal Government see for special economic zones – which have been introduced in Cambodia many years ago but have probably not reached their potential – and what assistance can Development Partners provide for further industrialization of the economy?
- While recognizing the essential role of primary education, it is also important for the education system to train the necessary human resources for a diversified, modern private sector, such as technicians, engineers and mid-level managers, to match the needs of future industries in quantity as well as quality. What are the Government's priorities in the area of vocational training as well as technical and technology education, and what assistance can Development Partners provide?
- How is the Royal Government evaluating not only the returns but also the risks from a variety of concessions (for land, economic zones, tourism development, etc.) to ensure that these concessions are maximizing the country's medium to long-term benefits in terms of jobs, technology, environment, and community development, and what assistance can Development Partners provide?
- What specific measures the Royal Government will take to simplify trade processes, as well as simplify licensing procedures across ministries, as agreed at the recent Government-Private Sector Forum, and what assistance can Development Partners provide in support?