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Annual Review
Of the Public Financial Management Reform Program

Opening Remarks

By

Mr. Keat Chhon

Senior Minister and Minister of Economy and Finance
Sokha Hotel, Friday 17th March 2006

Excellency Ladies and Gentleman,

1. It is a great honor and pleasure for me to be here with all of you at this important event of "Annual Review of the Public Financial Management Reform Program". I would like to personally thank the Public Financial Management Technical Working Group (PFMTWG), the Reform Committee (RC), and the Development Partner Committee (DPC) for their hard work and preparation for this annual review. I would also like to thank Excellencies, Ladies, and gentlemen for giving up your times and efforts for this annual review especially for senior management of the Government and Development Partners for their active participation and supports.

2. I have to reassure you that the government commitment to this reform program has become even stronger over the last year and we do have the support from both Government and Parliament. I keep my colleagues in Cabinet aware of our plans and progress and enjoy their active support. I would like to quote the Prime Minister's speech during the launch of this reform program in December 2004 that "**reform is a life and death matter for the Royal Government of Cambodia and reform is a day-to-day work for improving, enhancing, strengthening and expanding our capacity, capability, and potential in order to keep up with the development of society, economics, technology, and politics within the country, region and the world**".

3. In addition, we now clearly see that Public Financial Management Reform has become the heart of good governance which is not only of central importance to the Rectangular Strategy but also the key for successful implementation of the National Strategy Development Plan (NSDP).

4. I want to say that we see this as a comprehensive reform program with clear long term vision and strong commitment and ownership of the government at all levels. We also view it as a model for better partnership, cooperation, and coordination between government and development partner as well as between the development partners themselves. I view this as the best way for the government to become a true partner and to move out of dependency and donor driven assistance. Most importantly, this modality provides a favorable opportunity to Cambodian counterparts to strengthen their ownership and responsibility in formulating and implementing the reform program which not only serves as an institutional strengthening strategy but also helps to avoid spreading reform activities too thinly, using resources wastefully, inefficiently, and sometimes inconsistently with the overall reform agenda of the RGC. In this context, I would like to warmly welcome and highly recognized the keen international interest and kind supports which our international donors have been providing to us toward achieving our ambitious objectives. The RGC strongly anticipates that this approach will provide favorable and fruitful results and will also become an outstanding model for guiding the development, monitoring and managing the implementation of the reform program in other sectors.

5. Despite the late start of the program due to some preparation work which was taken longer than expected, we are beginning to see some signs of progress and achievements that have been made the impact of which we are going to discuss in detail during this retreat. We take heart from these early signs, but know that we still have a long path to tread. We also know that continued progress will face us with many challenges and hard decisions to take which we are determined not to shrink from. These encouraging signs of achievement demonstrate commitments, ownerships, responsibilities, and joint efforts of managements and officials of the Ministry of Economy and Finance and other involved ministries and institutions including the strong support and commitment from our development partners.

Excellencies Ladies and gentlemen,

6. Experience has been learnt and is being used to improve the implementation of the reform program toward an increasingly effective and efficient result. I think that some of the important strengths of the program which are worth highlighting here are:

- ***First***, strong commitment and ownership of the MEF management and officials with a participatory process in the development of the reform program;
- ***Second***, responsibility and proactive of the MEF management and officials in managing the implementation of the reform program;

- **Third**, adaptation of Sector Wide Approach (SWAp) modality with one voice negotiation from our development partners;
- **Fourth**, clear monitoring framework and mechanism through the Public Financial Management Technical Working Group (PFMTWG), Reform Committee (RC), and Development Partner Committee (DPC);
- **Fifth**, clear and comprehensiveness strategic implementation through a step by step approach and carefully sequenced program with 4 platforms and related action plans; and
- **Sixth**, building our institutional and human resource capacity development plans together with a comprehensive strategy for step by step capacity development, improving our organizational structure, and the piloting of the merit-based pay initiative which we believe will be the key to the sustainable pay reform in not just this program, but wider public service reform.

7. The Public Financial Management Reform Program is a central plank underlying the general administrative reform program. Achievement of the 2015 vision is underpinned by the Government's commitment to establishing the framework for a professional civil service, in which officials will be able to maintain Public Financial Management standards without depending on continuous external advice. Public Financial Management Reform and the transformation of the civil service will have to become increasingly linked and mutually supportive in the progress towards the vision of installing much higher standards of management and accountability, transparency, and responsibility for mobilizing all government resources and effectiveness and efficiency in their application to the Government's Rectangular Strategy and National Strategy Development Plan. In this regard, the Ministry of Economy and Finance has developed and successfully implemented Merit Base Pay Initiative (MBPI). Although it is at an early stage of experiment but its effectiveness and positive impact have been proved.

8. Finally, I strongly believe that this annual review is an important opportunity for us to share experience and lessons for further improvement. I am also confident that you will all enjoy an active and productive discussion throughout the retreat program. Once again, I would like to thank all of you for your time and effort in participating in this retreat and wish for a fruitful discussion and successful annual review.