

Remarks by

H.E. Dr. Chea Chanto, Governor of the National Bank of Cambodia
Chair of the Steering Committee for Financial Sector Development
"Public Consensus Building Seminar: Financial Sector Blueprint 2006-2015"
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- His Excellency Senior Minister, Minister of the Ministry of Economy and Finance,
- Mr. Shyam Bajpai, Country Director, ADB Cambodia Resident Mission,
- Excellencies, Ladies and Gentlemen,

It is my great honor and pleasure today to participate in the Public Consensus Seminar on the Financial Sector Blueprint Update 2006-2015 organized by the Asian Development Bank. On behalf of the National Bank of Cambodia and the Steering Committee for Financial Sector Development, let me say that I very much value this seminar not only as a mirror to reflect the development of banking and financial sector in Cambodia but also as an orientating forum for economists, researchers and leaders of economic entities to exchange experiences and views with the aim of enhancing the efficacy of the Financial Sector Update 2006-2015. In the meantime, I would like to extend my profound thanks to the Asian Development Bank and concerned stakeholders for their active contributions in this essential seminar.



Excellencies, Ladies, and Gentlemen,

Taking this opportunity, on behalf of the National Bank of Cambodia and the Steering committee for Financial Sector Development, I would like to emphasize three main points as follows:

1. The background of the Blueprint;
2. The importance of the financial sector for Cambodia's development;
3. The commitment of the committee in supporting the process to develop the Financial Sector Blueprint for 2006-2015.

1. The background of the Blueprint

With assistance from the Asian Development Bank, the Financial Blueprint for 2001-2010 was developed

in 2001 and was adopted by the Royal Government of Cambodia as a foundation for directing and setting strategies for the financial development of Cambodia. The Updated Blueprint 2006-2015 was first initiated on 27 March 2006; a second stage was performed on 13 June 2006 and the third is being organized today in order to show the joint effort between the Royal Government and the Asian Development Bank underpinning the development of the banking and financial sector is security and productivity.

We established the Steering Committee for Financial Sector Development and the Technical Working up for Financial Sector Development in 2002. The Blueprint is a group effort involving the National Bank of Cambodia, the Ministry of Economy and Finance, the Ministry of Commerce, and the Council for the Development of Cambodia as the Implementing Agencies, with the National Bank of Cambodia also serving as the Executing Agency and secretariat.

Three main responsibilities of the Steering Committee are to:

- perform as the central coordinator for donor assistance for the development of the financial sector;
- identify necessary policy measures and coordinate efforts to implement all related projects, and
- report regularly to the Economic and Financial Policy Committee and the Royal Government of Cambodia on the progress of the implementation of the Financial Sector Blueprint.

Since the adoption of the Blueprint, various results have been achieved, to say the least. *First*, the banking system has been strengthened through the improvement of the regulatory framework. *Second*, on-site and off-site inspection has been upgraded. *Third*, an environment for fair competition and efficiency has been firmly established. However, we also recognize certain difficulties and weaknesses faced while conducting this reform program. Therefore, the Committee sees the need to have a "*Blueprint update*".

The "*Blueprint update*" will reflect the advantage of having a built-in flexibility within the reform agenda, which will in turn allow the government to make necessary policy adjustments to reflect the progress made, along with the changing conditions. We trust that the "*Blueprint update*" will better serve our actual purposes. In this spirit, I would like to take this opportunity to express my sincere thanks to the ADB for once again having positively responded to our request to develop an Update of Financial Sector Blueprint for 2006-2015.

The significance of the Financial Sector Blueprint has been recognized nationwide and fully declared in the Royal Government of Cambodia's comprehensive Rectangular Strategy and in the recent National Strategic Development Plan for 2006-2010. The objective of the Financial Sector Blueprint for 2006-2015 falls within the overall objectives of the Rectangular Strategy and the National Strategic Development Plan.

2. Importance of the Financial Sector for Cambodia's Development

It is now well-recognized that a diversified, competitive-but prudentially sound-financial system plays a very important role in the development process by ensuring efficient capital accumulation and the allocation of scarce financial resources. By developing the Cambodia financial system, Cambodia will improve the process of bringing Cambodian savers and Cambodian investors together more efficiently, ultimately enhancing growth and employment creation.

Thus, the Royal Government of Cambodia and the Steering Committee and Technical Working Group for Financial Sector Development are therefore committed to overcoming the challenging task of

establishing a fundamental basis for a developed financial sector in Cambodia. The task is then to lay down the legal and regulatory conditions for the financial sector to expand with integrity an increasing resilience.

3. Developing the Financial Sector Blueprint for 2006-2015

Recognizing the importance of financial sector development to the Cambodian economy, as has been set out in the Government's Rectangular Strategy and the National Strategic Development Plan 2006-2010, I would like to highlight the commitment of the Steering Committee for Financial Sector Development and the National Bank of Cambodia to both financial sector development in Cambodia and to developing the Financial Sector Blueprint for 2006-2015. We at the Committee will provide full support to the process of developing the update for this strategic plan.



The committee will take an active role in policy advice and resource coordination in order to facilitate implementation. Taking this opportunity, we would ask for all interested parties, including private organizations, donors and NGOs, to first support and participate in this process in order to develop a Financial Sector Blueprint for 2006-2015 with efficiency. Further, we also request all interested parties to work with the team kindly funded by the ADB and to work with the ADB in the future to coordinate initiatives and support for financial sector development in Cambodia.

Most importantly in this context, we would like to ask the interested parties to consider carefully the need of sequencing, prioritizing, evaluating, and concentrating efforts in the crucial forthcoming steps Cambodian financial sector development. If there is a failure to focus on what is essential now our reform programs will likely be adversely effected.

Excellencies, Ladies and Gentlemen,

As Chair of the Financial Sector Steering Committee, I would like to express my profound thanks to the e Asian Development Bank for supporting and assisting Cambodia in developing the financial system to be sound and healthy thus far. I also want to thank you all for your support and involvement in the development of the Financial Sector Blueprint for 2006-2015. Your active contribution is a vital factor in the continuing effort for financial sector development, financial stability and poverty reduction in Cambodia in order to strengthen national macroeconomic stability, to reduce poverty reduction and to develop a sustainable economic growth.

In closing, I would like to wish all of you who are present here great success in your life and in careers. Please kindly accept the five kinds of Buddhist benediction: longevity, beauty, health, strength, and wealth not to be strayed from.

Thank you!