Good morning, excellencies, ladies and gentlemen!

First of all, I would like to thank ESCAP for inviting me to speak at this regional workshop on “Resource mobilization for sustainable development in the Asia-Pacific countries in special situations”. This is a very important topic especially in the context of COVID-19 pandemic, where the sustainable development progress of our countries has been threatened by the adverse socio-economic impacts caused by this pandemic outbreak. This is largely due to the decline in efforts by each member state as there is a need to shift policy priorities and resources to combat COVID-19. Today, I wish to share with you of what Cambodia has been engaged with regards to resource mobilization for sustainable development. ESCAP has been working with the National Committee for ESCAP in Cambodia to enhance digital finance services and financial technologies to accelerate financial inclusion.

Excellencies, ladies and gentlemen!

We are now living in a digital society, in which every aspect of our lives has being profoundly affected by the digitalisation of data: how we communicate and socialise; and how we work, learn, stay healthy and participate in politics and the economy. However, across the world, the novel COVID-19 pandemic has been driving profound changes in the way we communicate, work and live.
On the industrial front, firms are facing supply and demand disruptions today and an uncertain global landscape in the future. As we move forward, emerging evidence suggests that digital technologies will play a crucial role in addressing these challenges. The word crisis in Chinese is made up of two components signifying danger and opportunity. This is simply truth as opportunity always emerges following a crisis. It is important that we remain optimistic and see this crisis inflicted by the COVID-19 as an opportunity to upgrade our old ways of working and doing business. Below I would like to highlight some positive sides that this novel Corona virus could bring into our society.

First and foremost, it is worth noting that even though MSMEs absorb seven out of 10 jobs created in developing world, they MSMEs face a lot of obstacles, including human resource constraints, increased competition, access to market and access to finance. The COVID-19 pandemic has been accelerating several digitalization trends, which reveals more opportunities for MSMEs to survive and flourish. Those opportunities could range from the increasing use of digital payments; domestic traditional business using online sales channels for the first time; new digital business models; use of responsive supply chain management systems to address supply disruptions and uncertainty in demand; and access to remote technical assistance and training as a response to travel and social distancing restrictions, to name a few. However, moving into digitalisation could create some more challenges, which are difficult to address in the short term. These challenges are low digital literacy among MSMEs, the lack of digital payment platforms and lack trust among bankers and limited digital infrastructure. These challenges raise a need to change the mindsets and attitudes toward technology, something that cannot be done overnight.

Second, it is widely accepted that payment and settlement systems are the rails on which development financing including remittances and government payments flow in an economy. The World Bank recently projected a 20 percent decline in remittances, which amounted to roughly US$110 billion less in cash flows, due to COVID-19 crisis. Health aspects of the pandemic are posing an operational risk, which could deny 800 million
people access to basic needs such as housing, education, food, and healthcare. Many beneficiaries of social protection programs and recipients of remittances could be heavily impacted. As will be discussed and elaborated by our speakers today, digital payments are providing opportunities for us to mitigate such adverse impacts helping us to avoid precarious in-person transactions and also result in time and cost savings. Nevertheless, investing in digital solutions is needed and the use of digital remittance channels needed to be encouraged.

Third, the COVID-19 crisis has also accelerated an expansion of e-commerce towards new firms, customers and types of products. It has provided customers with access to a significant variety of products from the convenience and safety of their homes and has enabled firms to continue operation in spite of contact restrictions and other confinement measures. Cambodia has E-commerce Law promulgated by the King since October 2019. The e-commerce law will establish the legal basis for all current and potentially scaled up future activity, in addition to spurring investments in the area. It will provide important ground rules for regulating Cambodia’s e-commerce sector and actively contribute to the development of the digital economy and embracing industry 4.0. Despite the efforts to foster e-commerce during the COVID-19 crisis, persistent digital divides imply that not everyone has been able to participate. Moreover, regulations that are not adapted to e-commerce can create barriers to firms, such as in the case of emerging omni-channel sales models or new modes of delivery. While many of these challenges existed before COVID-19, the current crisis and the new role of e-commerce for individuals and firms has heightened the need for policy action.

Excellencies, ladies and gentlemen!

let me share with you about how Cambodia’s government using digital solutions to respond to the COVID-19 pandemic crisis, that posed the greatest threat to Cambodia’s socio-economic development in its 30 years of modern history. At the macro-level, its impact is devastating, causing GDP growth into a negative, increased number of jobless
across all sectors including around 150,000 garment factory workers, 9,000 migrant workers from Thailand, 17,000 tourism-sector workers, and an unknown but significant number of informal-sector entertainment workers. Without any intervention, poverty rate was estimated to increase by double. Anecdote evidence suggested that the COVID-19 crisis hit Cambodian poor households at the grassroot level very hard, in term of increasing unemployment, and rising food prices at the initial stage of the outbreak. This forced the poor to sell their assets, reduce food consumption, or increase more debts.

Tremendous effort has been made by the Royal Government of Cambodia to mitigate adverse effects brought by the pandemic. One of the key government interventions is the strengthening and promotion of social protection policies, in particular the speedy deployment of a 300 million US$ digital cash transfer program through the ID-Poor system to lessen the COVID-19 impact on those below the poverty line. The Royal Government scaled up digital cash transfer payments, financed by the national budget, to all citizens under the IDPoor programme. This was the first time a social protection programme covered all citizens in poverty (as defined by IDPoor) and was achieved in a remarkably short time frame. These early successes demonstrate what can be achieved and can steer the economic recovery to a higher level of ambition.

Thanks to technology adaptation by the Royal Government of Cambodia, the government cash transfer has well and successfully implemented. Key implementors were well informed and instructed with transfer process. Gender aspect was also taken into consideration during the selection process as widows were given more priority. The transfer was reported to be timely for those who were in need assistance, and much appreciated by the beneficiaries and the authorities. There were neither major issues nor security concern for the beneficiaries and Wing agents. The transfer process also received a great deal of appreciation from all beneficiaries.

**Excellencies, ladies and gentlemen!**
Before closing, I would like to express my sincere profound appreciation to the organizer and our distinguished delegates who participated in this important workshop which enables us to exchange ideas and strategies regarding “Resource mobilization for sustainable development in the Asia-Pacific countries in special situations”.

Finally, I wish you Excellencies, ladies and gentlemen, the four gems of Buddhist blessing: Longevity, Nobility, Health and Strength.

Thank you.

[END]