

***Workshop on
Supporting Cambodia in meeting the challenge of resource mobilization for achieving the
2030 Agenda for Sustainable Development***

Opening remarks

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Excellencies, Colleagues, Ladies and Gentlemen,

On behalf of the United Nations Economic Commission for Asia and the Pacific, it is my great pleasure to welcome you to this workshop on *Supporting Cambodia in meeting the challenge of resource mobilization for achieving the 2030 Agenda for Sustainable Development*.

2030 Agenda

The 2030 Agenda for Sustainable Development that was adopted by the international community in 2015 is a truly ambitious and transformational vision. It integrates in Cambodia a set of 18 goals spanning all elements of economic, social and environmental development.

Implementing the ambitious agenda of “Leaving no one behind” will require significant resources. According to our research and analysis at ESCAP, it could cost between \$2.1 trillion and \$2.5 trillion per year to close the Asia-Pacific region’s development gaps. These gaps include infrastructure, universal access to social protection, health and education, climate change mitigation and adaptation measures. Focus of the 2030 Agenda for Sustainable Development therefore highlights new dimensions and challenges for mobilization financial resources.

Clearly, financing for development is a critical element to achieve the mandates of the development agenda by 2030. With more financing, countries will be able to implement sustainable development projects and programmes to support development goals more

effectively. Mobilizing financial resources remains therefore one of the top priorities for national governments.

Increasing financial resources from domestic sources and strengthening private sector investments has become a cornerstone of growth strategies and fiscal policies in the 2030 Agenda. At the same time, the integrated nature of the SDGs and the declines in overseas development assistance (ODA) require more collaborative financing structures. These should result in a combination of greater private and public financial resources from domestic and international sources.

The Addis Ababa Action Agenda of the Third International Conference on Financing for Development (AAAA) recognized that countries with special needs, which included least developed countries, landlocked developing countries and small island developing states, require enhanced financing support to overcome their structural challenges and effectively pursue the 2030 Agenda. This is because the financing needs in these countries are disproportionately large relative to the size of their economies. For instance, many studies, including by UN-ESCAP, have provided estimates of the gap between required and current financial investments to meet the infrastructure requirements of the SDGs. This gap in Asia-Pacific developing countries reaches 5% of GDP on average, and exceeds 10% of GDP for LDCs.

Cambodia

Cambodia has made tremendous development advances in recent years. During the period 1994-2015 it sustained an average annual growth rate of 7.6 percent, ranking sixth in the world. It averaged 6.8 percent growth for the period 2016-2018. Cambodia also attained the status of middle-income country in 2015. At the same time, Cambodia is still designated as a least developed country. Overcoming its development challenges and implementing the 2030 Agenda, and the specific policy actions laid out in the Istanbul Programme of Action for least developed countries, will require considerable coordination between all actors. Localising the sustainable development goals into national development policies is a first instrumental step in achieving them.

In terms of financial resources, domestic tax revenues are critical for development finance. With government revenue being the main source of government expenditure and an important source for sustainable development expenditure, reforms in tax administration and collection are important. This includes increased transparency and greater accountability in the use of revenue. ESCAP has estimated that the potential revenue impact of better tax administration in Cambodia would increase tax revenues by 5.5 percentage points of GDP. In this regard, Cambodia's Public Financial Management Reform Program which aims at improving financial accountability, is certainly a step in the right direction.

In terms of international support measures, ODA constitutes a vital component of development finance that supports the growth and sustainable development of LDCs. External financial resources are indeed important to augment domestic financial resources to meet the financing requirement gaps that I referred to earlier. Leveraging ODA resources and concessional loans is therefore important to finance development. However, we can expect ODA to continue to decline in Cambodia as the country continues to make strides in advancing development.

Other financing strategies include improving public expenditure efficiency; developing financial markets and strengthening the PPP environment. Regional partnerships, South-South Cooperation and triangular cooperation will also make a difference in the implementation of sustainable development goals and the 2030 Agenda.

Development project

Countries with special needs have very limited resources to address their development challenges. They also face limited capacities to attract new investments. This may be in part due to an absence of well-functioning financial systems and weak governance and institutional structures. However, high protectionist sentiments in some developed countries and an overconservative private sector are not upbeat in making long-term investments for sustainable development.

Coherent, coordinated and competent resource mobilization efforts and strategies are therefore essential. And ESCAP will assist member States to develop resource mobilization strategies and support the global programmes of action of countries with special needs.

In this regard, ESCAP has instituted a project that aims to strengthen the capacity of policymakers in countries with special needs in the region. This project aims to build capacities to effectively allocate and utilize existing financial resources, as well as mobilize additional financing.

In the first phase, this project will undertake primary diagnosis and analytical work. It will examine how existing financial resources can be allocated more effectively and utilized more efficiently to overcome structural transformation challenges in the countries with special needs. The aim of the second phase is to identify and formulate forward-looking policies and tailored strategies that mobilize additional financial resources for development. The project aims to provide policy recommendations and capacity building activities, recognizing that while many countries share development challenges, no one-size-fits-all strategies and policies exist.

This is the first workshop taking place within the scope of this project. We selected Cambodia as one of the three pilot countries – the others being Bhutan and Vanuatu. What these countries have in common is that they are all designated as least developed countries. Yet, they are vastly different, with Bhutan being landlocked, Vanuatu suffering from isolation in the Pacific as a small island developing State, and Cambodia being littoral, yet also facing its unique challenges.

Summary

To conclude, our aim is not only to learn important lessons from and for each of the pilot countries, but also examine more closely how these may, or may not, be relevant to the other LDCs, LLDCs and SIDS. In this regard, I would like to urge you, as participants, to actively engage in the workshop. Your inputs today and tomorrow will guide the future of the project.

This said, I would like to thank the National Committee for ESCAP of the Royal Government of Cambodia for co-organizing this event with us and to thank all of you for coming here today and, in the next two days, participating in this important event. I look forward to our deliberations.