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INTERNATIONAL MONETARY FUND

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Statement by the Hon. **KEAT CHHON**,
Governor of the Bank for **CAMBODIA**,
at the Joint Annual Discussion

**Annual Meeting of the World Bank Group and the International Monetary Fund
Hong Kong, 23-25 September 1997**

Statement of
H.E. Keat Chhon
Minister of Economy and Finance
and Governor of the World Bank for
Royal Government of Cambodia

Mr. Chairman
Mr. President of the World Bank
Mr. Managing Director of the IMF
Distinguished Delegates
Ladies and Gentlemen

1. As always it is a great honour and privilege to represent Cambodia at this august annual gathering of leaders and experts who shape and guide the world economy. I bring to you all greetings from the government and the people of Cambodia.
2. Our meeting here is of great significance to the world at large as we are poised on the threshold of a new millennium about to dawn on us in a mere three years from now. In the last fifty years since the coming into being of the two great multilateral financial institutions whose annual meeting we attend today, the world has witnessed many major changes and shifts. We have been able to adapt to these changes and challenges and devise instruments and mechanisms to steer effectively in the interest of stability and orderly growth. The challenges today are no less; indeed they seem to be new, more and increasingly complex. We have witnessed just in the last three months how fragile and fickle the prolonged strong economic growth in this region has been. We have noted how much damage could be caused by speculative greed, shattering the dreams of the honest many, plunging governments and future generations into deep debt and devastating the prospects for quick economic rebound and for employment opportunities. Eternal vigil is the price we have to pay in the future. And, our two mighty financial institutions should set up warning signposts along the way through their annual reports and consultations with each country. We will no doubt discuss these matters here in this auditorium and in the lobbies around it. Cambodia which is still an infant economy will take lessons from here for adaptation at home.
3. In Cambodia, we are saddened by the events forced upon us in July 1997. As we have repeatedly explained, not taking any action at that time to nip in the bud the anarchic forces that were being let loose in our society through clandestine dealings with outlawed genocidal elements by the irresponsible politicians would have meant plunging the country in a

prolonged period of civil commotion and instability. Furthermore, it would have dealt a death blow to gains in democracy and freedom.

4. Since the removal of the anarchic elements, which by its nature was violent, and its immediate aftermath, Cambodia has sprung back quickly to normalcy. Rule of law and law and order have been fully restored and security prevails in the country except in remote pockets on external borders where the rebels are active. In a transparent, clear and fully free manner, new leadership has been elected and installed for the major coalition partner. The letter and spirit of our constitution framed on the basis of the 1991 Paris accords, have therefore been fully and openly observed and preserved. We have actively encouraged and assisted independent organizations to conduct full investigations into all complaints of human right violations. We shall do all we can to bring culprits to book. While no society can fully prevent crime, the test of its determination to protect people lies in its openness to criticism and complaints and the speed and energy with which it would address such complaints. We are doing just that. We are also determined to hold free and fair general elections and have already announced the date for the same, viz., 23 May 1998. We are enacting necessary legislation to ensure a transparent process of elections under independent monitoring. International observers are most welcome to see for themselves all aspects of our electoral process. We have encouraged everyone, albeit a small minority, who left the country to come back to participate in the democratic process. We have repeatedly assured full protection to them within the legal framework. On the socio-economic front, our new leadership has repeatedly assured that the progressive and proactive policies of the past would continue along with improving transparency and accountability of public governance.

5. We are somewhat surprised and saddened that after these events and despite the decisive and quick action with which we have restored normalcy, freedom and stability, some of our important external partners have either overtly, or without saying so, or against what they have said publicly, begun to slow down their support for the rehabilitation and development programmes in the country which are designed to serve the people at large. Development cooperation has to be a long term commitment and should not be affected by misconceived perception of temporary events of political nature, especially when the overall political framework, commitments and promise for the future remain unchanged as in Cambodia today. Such setbacks to development cooperation undermines mutual confidence, affects the people at large and retards progress which alone is the bedrock for political pluralism and the many freedoms human beings cherish.

6. Let me now turn to the role of multilateral financial institutions in Cambodia. We are very grateful for the excellent assistance so far provided by both the IMF and the World Bank in financial, technical and advisory terms. We look forward to continuing and strengthening the understanding that exist between the government and the two institutions. At the same time I would like to emphasize that development is long-term and the delays and reductions in aid now imposed on us due to one-sided perceptions among some of our external partners would necessarily set the development clock back and make the development process that much more expensive and difficult to resume. Even when “domestic pre-occupations” in some

countries affect their will and ability to provide support to development elsewhere, it is vital and important that multilateral financial institutions like the IMF and the World Bank remain neutral and objective and act clearly professionally. They should desist from being drawn into a new post cold war economic trap that some countries would like to set up based on misconceived political perceptions. These institutions should continue to provide support to Cambodia as hitherto even as they do in countries which are far less open and transparent even within our region. They should not slow down the process of their support. If they do, their proclaimed goals to reduce poverty would soon start sounding hollow.

7. I close with a plea that each country be allowed space and time to come up with solutions to its problems, be they political, social or economic as long as the chosen course is within the parameters of the basic principles of democracy, rule of law and human rights which are universally agreed upon and are adhered to as in Cambodia. Let not the preconceived notions about the details of how a recipient country should govern itself be the guiding criteria for development support.

Thank you for your kind attention.