

Concluding Remarks

Cambodia went through a dramatic transition of its political, economic, and social systems in the last decade. Cambodia's postconflict reconciliation among divided Cambodian citizens adds an extra dimension of complexity to the transitional problems. In the course of the drastic transition, the structure of governance has to be adjusted and strengthened to respond to the changing roles of, and the new needs and expectations for, the State. Given the enormity of the challenges facing Cambodia during the last decade, the leaders and authorities certainly deserve credit for their efforts and leadership to reconstruct and develop the nation.

The report highlights, however, some of the critical issues of governance that can positively or negatively impact the development process in Cambodia. Our case studies of five areas of reforms reveal that there remains a wide scope for improvement in those reform programs to enhance governance more effectively and efficiently. They also underline the fact that reform is a long-term process that requires the setting of achievable goals and consistent support. As our macro-economic projection indicates, the Government's ongoing and planned reform programs, if implemented in full, are likely to have a major positive impact on Cambodia's economy and the welfare of people in the coming two decades. To promote good governance, several concrete actions are recommended for consideration by the Government. Our study also identifies and suggests for ADB and its development partners some priority areas of assistance to promote good governance.

Looking at the next decade, the importance of good governance for Cambodia cannot be overstated. As mentioned in the previous chapter, good

governance is not merely essential for the improvement of welfare of Cambodian people. It is an increasingly important criteria used by businesses, international organizations, international credit rating agencies, and aid agencies in deciding where to put their money.

International business will place long-term investment in countries that possess competitive advantages in good governance. Therefore, it is imperative to promote good governance if Cambodia is to attract long-term investment in competition with neighboring countries. International lending institutions such as ADB, the World Bank, and the International Monetary Fund will increasingly use good governance as a critical factor for their lending schemes. It is clear that Cambodia needs official grants and loans in the coming decade to meet financial needs for public development projects. The Government's efforts to enhance good governance will provide a favorable condition for the negotiation with those institutions.

The Government well recognizes the importance of good governance, and has recently launched ambitious reform programs in some priority areas. The progress made in 1999 created hope among many people—Cambodian citizens, businesses, and the international community alike—that the Government's commitment to reforms is indeed genuine and credible. The biggest challenge facing the Government now is to translate its commitments into sustained actions. While many challenges of good governance still lie ahead, the commitment demonstrated by the Government and the achievements made to date are heartening and inspire optimism for Cambodia's future.