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**CAMBODIA'S FINANCE MINISTER SIGNS PRIVATE
SECTOR AGREEMENT WITH THE ASIAN DEVELOPMENT BANK**

The signing of the Private Sector Framework Agreement between the Royal Government of Cambodia and the ADB marks the beginning of a new era in the relationship between the Kingdom of Cambodia and the regional Bank.

The Kingdom's Finance Minister, Mr Keat Chhon, who is also the Bank's Board of Governor, signed the Agreement on 31 October 1995 at the Bank's headquarters in Manila, Philippines. He noted that the signing of the Agreement was very timely as there is growing interest of the private sector, including both domestic and foreign private parties, for undertaking investments in the country. Mr Keat Chhon stressed that ADB's involvement in private sector initiatives will boost the Government's stated policy to support the sound development of a strong private sector in Cambodia.

Cambodia — a country devastated by war and internal strife for over two decades — is one of the poorest nations in Asia. Its physical infrastructure and human resource base has been severely damaged, and will require substantial investments for rehabilitation and development.

Mr Noritada Morita, the Bank's Director of Programs West Department, and the co-signatory to the Agreement on behalf of the Bank, emphasized that given the magnitude of investment required to rebuild the country, there is the critical need to augment the public sector resources, provided through official aid channels, with private investments. He stated that with

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the signing of the Agreement, the Bank would be able to undertake direct private investment in Cambodia, without Government guarantee, and also avails the option to the Bank for making any equity investments in the country.

The Bank became the first multilateral organization to resume its operations in Cambodia in 1992. Since its resumption, the Bank has approved four loans to Cambodia, amounting to about \$142 million, and another \$25 million for technical assistance, on a grant basis, from its public sector resources. The focus of Bank operations has been on capacity building, human resource development and infrastructure rehabilitation.

Another priority area for Bank operations in Cambodia has been to promote economic cooperation among the countries of the Greater Mekong Subregion, including Cambodia, Lao People's Democratic Republic, Myanmar, People's Republic of China (Yunnan Province), Thailand, and Viet Nam. The spirit of such cooperation is also reflective in the Cambodian Government's goal of reintegrating Cambodia's long-isolated economy into the Asian region.

The signing of the Private Sector Framework Agreement will enable the Bank to play a catalytic role in mobilizing resources from the private sector for undertaking priority projects and programs and in meeting the country's large investment requirements.