

Third National Forum on Climate Change  
Phnom Penh, 5-7 November 2013

**Welcome Remarks**

**By H.E. Ros Seilava, Under Secretary of State, Minister of Economy and Finance**

Sofitel Phokeetra Hotel, Phnom Penh, Cambodia, 07 November 2013

**Excellencies, Ladies and Gentlemen, Distinguished Guests,**

It is a pleasure for me to be here, for the opening of this final but important day of the 3<sup>rd</sup> National Climate Change Forum.

Over the past two days, you had the opportunity to discuss in detail the work done by line ministries, Ministry of Environment and their partners over the past two years to develop a strong Climate Change Strategic Plan. The many climate change projects implemented to date have helped us build a better understanding of what efficient responses to climate change should look like in the Cambodian context. Now, with the launch of the Cambodia Climate Change Strategic Plan, we have a solid basis to implement a full-scale climate change response programme, but as we all know, this will only be possible if we can mobilize adequate financial resources.

At the global level, estimates of the costs of adaptation to climate change vary between 40Bn USD and 500Bn USD per year. Even if the commitments made by developed countries in the 16<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change in 2010 are fully met, less than 100Bn USD will be available per year until 2020, and the vast majority of these funds will go towards climate change mitigation, rather than adaptation. For a developing country like Cambodia, which has recently been ranked among the top 10 countries most vulnerable to climate change, securing the required financing for climate change adaptation will be crucial. This means that the financing gaps between the demand and supply will remain wide and Cambodia needs to have adequate absorbing capacity to ensure that it is in a good position to compete for the scarce resources available internationally to meet its needs in responding to climate change.

Cambodia needs credible and attractive mechanisms for climate financing, so that the resources required can be effectively mobilized. We have already demonstrated in the past few years our capacity to mobilize and manage climate finance from a variety of sources, including the Adaptation Fund, the Least Developed Countries Fund, Climate Investment Funds, as well as dedicated Climate Funds from the European Union, USA, Japan, Sweden and South Korea, to name only a few. Overall, an estimated 250 million USD has been mobilized over the past three years. At the same time, a review of climate-relevant public expenditure conducted in 2012 has shown that about 16% of climate-related expenditures are funded by the national budget, for example through investment in disaster response or rural infrastructures.

As the flow of Climate Finance becomes bigger, we need to put in place mechanisms for a scaled-up climate change response. By 2020, Climate Finance is expected to be roughly equivalent to the total amount of ODA that is currently spent globally. Therefore, it will be essential to ensure that these resources are managed in the most efficient way, in line with the principles of the Paris Declaration on Aid Effectiveness. I expect that the Climate Change

Financing Framework, which is currently being developed, will provide guidance on how to achieve this, but I would like to share with you a few thoughts on the way forward, and on the role of Ministry of Economy and Finance in contributing to climate finance management in the future.

In order to ensure national ownership, resources should be allocated in line with the National Strategic Development Plan, and more specifically in line with the Cambodia Climate Change Strategic Plan.

Climate Finance is currently delivered mostly through 'stand-alone' projects. This will need to evolve over the next few years, so that we gradually move from a project-based approach to a more programmatic approach. Pooled funding mechanisms should be promoted, as well as sector budget support. This will help us manage increasing flows of resources without having excessive transaction costs due to the proliferation of projects.

This will also help us to truly mainstream climate change in development planning and budgeting. We should target that in ten years' time, we will not have separate funding mechanisms or projects for climate change. Climate change should become a standard criterion in the way we plan our investments, both public and private, and in the way we put together our budget. From the Ministry of Economy and Finance, we will need to work with Line Ministries and with the Ministry of Environment to ensure that we understand the impacts of climate change on planned investments and the technical measures required to address these impacts. This will help orient domestic resources and donor support towards those investments that provide the best economic and social benefits in the context of climate change. We will also need to improve our capacity to track Climate Finance and its performance, so that our partners will feel confident to channel their support through our national systems.

An important objective for Cambodia in the next couple of years will be to gain direct access to global climate funds, such as the Adaptation Fund and the Green Climate Fund, through the accreditation of a National Implementing Entity.

For the Ministry of Economy and Finance, another key issue will be to maintain a fruitful dialogue with the private sector on ways to promote a favorable investment climate for green business. The private sector has a crucial role to play in almost all areas of the Climate Change Strategic Plan. Examples include renewable energies, energy efficiency in industry and agri-business, energy efficiency in construction, climate-resilient infrastructures, and many other areas. It is our role to ensure that Cambodia provides an enabling stable and secure environment for these green investments, so that we can leverage private finance to support our wider climate change objectives.

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As you have seen in recent years, and again with floods in recent weeks, Cambodia is already severely affected by climate change, with more occurrences of extreme weather events, and an increased severity of these events. The Royal Government of Cambodia has allocated significant resources to support climate related disaster management efforts, and is strongly committed to support climate change responses in the future.

However, as a least developed country and a country that is highly vulnerable to climate change, Cambodia faces a number of challenges, including technical and financial capacity. Implementing the climate change responses that you have been discussing over the past two days will require strong partnerships with external stakeholders.

I hope that this final day of the Forum will provide an opportunity to discuss what these partnerships will look like, how we plan to mobilize the required resources, and how to manage them in the most efficient, coordinated way. I count on the strong support and cooperation of our partners to help us address this critical challenge of our time. Thank you.