



Kingdom of Cambodia

Nation – Religion – King

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OPENING REMARKS
SENIOR MINISTER KEAT CHHON
MINISTER OF ECONOMY AND FINANCE
FIRST VICE CHAIRMAN OF THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA
CHAIR OF THE FIRST CAMBODIA DEVELOPMENT COOPERATION FORUM
PALAIS DU GOUVERNEMENT
PHNOM PENH, 19-20 JUNE 2007

Respected Prime Minister Samdech Hun Sen
Colleagues from the Royal Government of Cambodia
Representatives of Development Cooperation Partners
Distinguished Guests, Ladies and Gentlemen

1. It is a great pleasure for me to welcome both my colleagues from the Government and our development cooperation partners to the first Cambodia Development Cooperation Forum at the **Palais du Gouvernement** which follows the Government-Development Partner Coordination Committee (GDCC) meeting that was held on 22 May 2007. I would like to convey our sincere gratitude to **Samdech Prime Minister Hun Sen** for presiding over the opening session of this Forum and providing his valuable recommendations for both government and development partners.

2. 2007 is the ninth year that the people of Cambodia have continually enjoyed an environment of peace, security, national unity and sovereignty, physically and institutionally. As the name of the Forum suggests, it is the first time that the Royal Government has assumed complete ownership and leadership in the conduct of this kind of high level meeting following the three Consultative Group meetings that were organized in the country. The move to replace the CG meeting with the CDCF was initiated and agreed with the development cooperation partner community during the second half of 2006. This positive development clearly represents the firm commitment of the Royal Government to own and lead the development processes and reforms while strengthening our partnership with all development partners. The CDCF is a forum for the Royal Government, development cooperation partners and civil society to dialogue on public policy issues and the associated financing framework for a medium term.

Samdech Prime Minister

Excellencies, Ladies and Gentlemen

3. Since the last CG meeting held in March 2006, the Royal Government has continued to make significant progress in maintaining macroeconomic stability and achieving economic growth at the rate of 10.8 percent in 2006. This is a result of high growth in agriculture (4.4%), tourism (22.3%), garment (20%) and construction (15.7%). Fiscal performance since the last CG meeting has been good. The collection of total revenues has increased and public expenditure has been restrained and rationalized. Prudent expenditure management in 2006 has enabled the Royal Government to allocate more budget resources to priority sectors, including education, health, civil service reform and the rehabilitation and construction of physical infrastructure, in particular the irrigation systems. The sustained level of economic growth that Cambodia has been able to achieve so far is the result of Royal Government's concerted efforts to deepen the implementation of its various reform programs, including the PFM, Financial Sector Development and Private Sector Development, especially efforts to improve investment and business climate, achieve trade facilitation, private sector participation in infrastructure, and Small and Medium Enterprises, as well as Land Reforms, Public Administration Reforms and Legal and Judicial Reforms. These positive achievements have been possible only in an environment of peace and political stability without which we absolutely cannot move towards improving our living standards, respect for human rights, democracy and sustainable development that have been indicated clearly in the National Strategic Development Plan which is an instrument to implement the objectives and visions put forward by **Samdech Prime Minister Hun Sen** in the Rectangular Strategy.

4. Notwithstanding the significant progress that has been made over the last decade and especially in 2006, there are still challenges that the Royal Government is committed to overcome. One is the fight against poverty to reach an equitable development as stated in the Rectangular Strategy. Although poverty rate has declined from 47 to 35% during the last 10 years, further improving the living standard of the people, in particular in rural areas, and ensuring an equitable distribution of economic growth among all remains a concern for the Royal Government, and continues to be of high priority. Fostering development of agriculture, on which depends the livelihood of more than 70% of the population remains the highest and most urgent priority of the Royal Government. Sustainable development, poverty reduction and the Cambodian Millennium Development Goals cannot be achieved without further substantial improvements in rice productivity, agricultural diversification and agro-industry development. The national strategy for agriculture and water, which was finalized recently, is aimed at achieving all these. At the same time, priority is being given to land reforms. The Royal Government considers poverty to be a waste of valuable economic and human resources which is not only morally unacceptable but can also result in social polarization and instability.

*Samdech Prime Minister
Excellencies, Ladies and Gentlemen*

5. Atop all of our efforts, we are resolutely fighting against corruption. JMIs, that were discussed and agreed during the last GDCC meeting on 22 May 2007, has included combating corruption as an indicator of progress on which the Royal Government will continue to make effort. The fight against poverty and corruption must constantly go hand in hand. As can be seen, these challenges have become the main focus of discussions during the two-day Forum.

6. As part of the effort to implement the NSDP, the Royal Government has adopted the Public Investment Program (PIP) for 2007-2009 and 2008-2010. The First Annual Progress Report on the implementation of NSDP has also been prepared by the Ministry of Planning which shows progress that has been made and challenges encountered in the implementation of the NSDP.

*Samdech Prime Minister
Excellencies, Ladies and Gentlemen*

7. Enhancing the effectiveness of development assistance has received attention in both international arena and in partner countries. In Cambodia, we have taken concrete steps and made significant progress on this front. Three years ago, the Royal Government established a coordination mechanism that comprises 18 Technical Working Groups and the Government Development Partner Coordination Committee (GDCC). We have conducted a review of this mechanism in the second half of 2006. All the work needed for the CDCF has fully gone through this coordination mechanism. Additional measures have also been taken such as updating the Harmonization, Alignment and Results Action Plan and the preparation of the Strategic Framework for Development Cooperation Management. In this regard, the Royal Government's current priority is the real implementation of the commitments in the Paris Declaration on Aid Effectiveness, to which all development partners are signatories. I would also like to welcome the signing between the Royal Government and development partners of the Declaration on Enhancing Aid Effectiveness on 5 October 2006.

8. To contribute to the Forum, the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC) has prepared the Cambodia Aid Effectiveness Report 2007 (AER), which replaces the Development Cooperation Report. Using an evidence-based approach, the AER's focus is on the quality of development assistance. The development cooperation partner community has highly appreciated the credibility of the Report and thus aid effectiveness has become an important topic for discussion during the Forum.

Please, **Samdech Prime Minister**, allow me to commend H.E. Mr. Chhieng Yanara in his capacity as Chairman of the Partnership and Harmonization Technical Working Group for his hard work and effort in the preparation of this Report. In addition, he has also played an important role in supporting the preparation of the 2006 JMIs Progress Report, the new JMIs, and other Royal Government policy documents for today's meeting as well as for his leadership in coordinating both at the technical and administrative levels with all ministries and agencies of the Royal Government and with development cooperation partners in preparing for this Forum. This appreciation is not only directed to H.E. Mr. Chhieng Yanara personally, but also to the role of the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia as the focal point within the Royal Government for aid coordination and management as mandated according to the Sub Decree No. 147 dated 29 December 2005. These solid achievements demonstrate the ownership and leadership of CRDB/CDC.

*Samdech Prime Minister
Excellencies, Ladies and Gentlemen*

9. The substantial progress that has made so far demonstrates the Royal Government's firm commitment and the concrete actions that have been taken under the clear vision and strong leadership of **Samdech Prime Minister Hun Sen**. We, at the Forum today, have the privilege to have Samdech Prime Minister preside over and give his valuable recommendations to guide the discussion of the Forum. After the Remarks by Mr. Ian Porter, the Lead Development Partner Facilitator, **Samdech Prime Minister** will deliver his keynote address to officially open the First Cambodia Development Cooperation Forum.

Thank You.