



**Cambodia Development Cooperation Forum (CDCF)
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Summary of Discussion

- Colleagues from the Government
 - Honorable Ambassadors, Distinguished Representatives of Development Partners
 - Ladies and Gentlemen
1. After two days of dialogue, it is now time for me to summarise our discussions.
 2. Before beginning this summary I would like to express my gratitude to Samdech Prime Minister Hun Sen, who provided us with a keynote address that provided a helpful framework to guide our discussions over the next two days.
 3. In his keynote address, Samdech Prime Minister Hun Sen focused on the need to consolidate progress and to work together to move the reform agenda forward. I think this provided us with a useful context which set the tone for the remainder of our discussion. In particular, he identified the importance of our partnership in building on the economic progress that Cambodia has witnessed in recent years, including to help to develop a professional civil service that can effectively manage national resources and deliver high quality public services. While reviewing progress and identifying remaining challenges, Samdech Prime Minister also took the opportunity to directly address many of the concerns identified by our development partners. I hope that delegates found some reassurance in his remarks on the anti-corruption law, the management of oil and gas revenues, public service reforms, and the management of land and economic land concessions.
 4. Samdech Prime Minister concluded his keynote address by emphasising the imperative of our development partnership and the need to continue our dialogue as we search for a consensus on some of the more contentious governance and reform issues. We were therefore most fortunate that H.E. Deputy Prime Minister Sok An was able to join our discussion yesterday and I particularly want to thank him for his timely and constructive remarks.

Excellencies, Ladies and Gentlemen

5. The CDCF has provided us with an opportunity for high-level dialogue. So have we made the most of this opportunity? I believe that we have. To demonstrate this I will use these Summary Remarks to reflect on the highlights of our meeting and to

emphasise key areas of consensus in moving forward with the implementation of the NSDP. I will highlight areas where we have agreed that our partnership faces its sternest challenges. And I will identify those areas where we all perhaps need to take a harder look at the manner in which we have engaged and to ask ourselves whether it is conducive to securing the leadership that is required to make effective progress on a common agenda.

6. Our meeting opened with an emphasis on the positive aspects of enhanced ownership that is associated with the new CDCF format. But it was also acknowledged that responsibilities come with this ownership. Despite nine years of peace and stability, formidable challenges remain in implementing the NSDP. The need to boost agricultural productivity, to continue the fight against corruption, to make progress in the ambitious reform agenda, and to mobilise additional resources for national priorities were therefore identified as areas for dialogue during our meeting.
7. Our immediate focus then turned to the NSDP, which as the Prime Minister had remarked, provides the blueprint for our national development. We heard that economic growth has been robust, particularly in the agricultural crops sector. Clearly this has implications that go well beyond economic well-being, touching on important issues of equity, food security and livelihoods. There was more positive news regarding HIV prevalence and some – though by no means all – health indicators, a topic to which we returned in our human development discussion.
8. We then heard from our development partners with regard to macroeconomic performance, public financial management and the private sector. It was agreed that progress had been good. During our discussion on how we might consolidate this progress, we heard views related to establishing a clear policy on commercial borrowing, rolling out Platform 2 of the PFM reform, establishing a better-performing civil service, and to improving the business environment. We did, of course, also discuss oil and gas but I hope that Samdech Prime Minister's remarks in his address, as well as his repeated proclamations elsewhere, have provided the necessary reassurances. Let us now focus on maximising these revenues to Cambodia as well as to ensuring that these revenues are put to prudent use. As we heard from my colleague from the Ministry of Economy and Finance, the process of drafting a tax provision for extractive industries as part of our Law on Taxation will begin shortly.
9. Drawing together the threads of these first two discussions it was encouraging to see the degree of consensus on the importance of strengthening the link between the core reforms and our work at sectoral level. There is growing evidence that shows that our reform process – while still in its infancy – is already providing for more coherent planning, more effective implementation, and, most important, for more impact on development outcomes. We also heard that it was necessary to temper our enthusiasm, however, and to understand that there is still much to achieve.
10. Moving to the first of our thematic discussions, we heard a series of statements about the management of natural resources. Government colleagues elaborated on the earlier statement by Samdech Prime Minister and identified a number of initiatives that related to strengthening the legal and policy framework as well as to

ensuring the actual enforcement and implementation of these laws and policies. From a Government perspective there was a clear feeling that things continue to move in a positive direction although we agreed that balancing economic development and the protection of access to land and resources was both difficult and challenging.

11. With regard to the management of land concessions: as chair, I feel that we need to work much harder at the technical level – not at the political level – to strengthen our partnership and our common understanding of the status of natural resource management programmes, where progress is being made and how we can ensure the complete enforcement of, and compliance with, the law and associated regulations. I urge the TWGs to ensure that these issues are coherently and comprehensively discussed and I propose that this issue – which is included in our new set of JMIs - remain on our agenda for GDCC dialogue over the next year. One concrete starting point is provided by the review that Samdech Prime Minister requested be undertaken by MAFF and the Ministry of Land Management, Urban Planning and Construction regarding the conversion of appropriate parts of cancelled ELCs to social land concessions.
12. Our second thematic topic for discussion was human development. Here I am pleased to note that we had a clear consensus based on the common vision set out in the NSDP and the Cambodia Millennium Development Goals. Our challenges have been made abundantly clear to us all and it was therefore most gratifying to see this discussion move quickly to a consensus about the measures that need to be taken in order to accelerate progress in addressing maternal mortality and to increasing education survival rates. These issues are also included in our JMIs and I look forward to jointly monitoring progress at our future GDCC meetings.
13. Our discussion related to governance and reform was understandably more complex. It was observed that there was progress, but not always of the type or at the pace we had all anticipated. Samdech Prime Minister had stated earlier in the day that it is essential to ensure consistency between all legislation and that "the Royal Government is strongly committed to finalizing the draft anti-corruption law as soon as possible". I hope that dialogue at technical and political levels can contribute to a more constructive engagement that will be to the mutual benefit of all parties. We are all anxious to see that the glass is more than half full.
14. To mark the beginning of this dialogue, H.E. Deputy Prime Minister Sok An joined us in the afternoon and I hope that he responded to the issues that were raised by development partners. His remarks most certainly clarified the Government's perspective on the reform agenda and the need to proceed at a prudent rate that will maintain stability and cohesion, both within Government and across society as a whole. We should all be encouraged that the discussion reminded us most emphatically that we do share common interests and that we must now re-engage to identify a common path that will help us to move towards our common objectives.
15. Similarly the need to re-engage in the area of Public Administration Reform was also emphasised as all participants clearly recognised the value of a professional and motivated public service. Deputy Prime Minister Sok An decried the current state of the PAR TWG and Samdech Prime Minister's also requested that we work together to forge a new consensus on this important reform. One concrete area for

our immediate attention is to reflect on the emerging evidence regarding the use of incentive and supplementation schemes. Indeed, there will be a meeting on this same subject tomorrow and I look forward to discussing this topic with some of you then.

16. In summary, a view that I think we would all endorse is that reform is complex. Looking around, I see representatives of many countries and international bodies seated around this table. I am sure that each of you would acknowledge that within your own organisation, or in your own country, there is currently a complex and sometimes difficult on-going dialogue about reform. Change is never easy. But it is made less difficult when engagement is constructive and when the overarching vision is allowed to be clearly and independently articulated without undue interference or outside influence. Let us re-double our efforts to observe the principles of ownership and to then rally around a common perspective and a mutually agreed approach.

Excellencies, Ladies and Gentlemen

17. In last year's keynote address to the Consultative Group, Samdech Prime Minister observed that "we have the horizon firmly in our sights". This year I would note that we are sailing our ship steadily toward that horizon. Some observers may be concerned that we have sprung a few leaks but as a senior member of the crew I can assure you that we have charted the right course and we are confident that we shall reach our destination. To our development partners I say this: I invite all of you to join us on this journey and I believe that our discussions yesterday established a firm basis to foster a better understanding.
18. It was therefore appropriate that the second day of our discussion focused on issues that related to our development partnership and to the financing of the NSDP. We considered the new set of JMIs and their underlying principles as well as qualitative and quantitative issues in the financing of the NSDP.
19. During a presentation and discussion on the JMIs it was observed that the underlying principles for selecting, implementing and monitoring the JMIs must be widely more understood and more fully respected. As my colleague Chhieng Yanara noted, if the cart is overloaded then we will indeed lose our momentum as well as our direction. The meeting then endorsed the new set of JMIs – twenty in all, more than last year – and I hope that our subsequent TWG and GDCC dialogue will reflect the principles that have been developed and endorsed. This should be the hallmark of our partnership.
20. Moving on to qualitative issues in aid management, the meeting had the opportunity to discuss the Aid Effectiveness Report. Samdech Prime Minister had requested in his keynote address that we find practical measures to enhance the efficiency of our cooperation. It was therefore encouraging to observe that there was a strong consensus in our dialogue and a mutual realisation that we have a perhaps unique opportunity to make progress in implementing the global and national commitments to which we have all put our signature. Please allow me to go further. If we do not implement these commitments then we put at risk the attainment of the NSDP targets and the Cambodia Millennium Development Goals. As the Report has made

clear: aid effectiveness is about development results. So please, let us not become distracted by parochial issues.

21. The aid effectiveness discussion moved us seamlessly into the discussion of the medium-term financing of the NSDP. Having observed that quality of aid is important, I am sure that you will understand when I say, as the Minister of Economy and Finance, that the quantity is also of some relevance! Having introduced a new approach to consolidating indicative medium-term estimates of support that will facilitate longer-term planning, I was therefore delighted to note that indicative support in 2007 is of the order of 689 million Dollars. It is equally reassuring that we expect this number to be sustained through 2008 and 2009. This will of course mean that, combined with Government's own resources, the NSDP is fully financed and we should now strengthen our resolve to ensure its full implementation.

Excellencies, Ladies and Gentlemen

22. I hope this provides a useful summary of our discussions and I trust that you have found our dialogue to be as fruitful as I have. In my view we have taken several concrete and important steps, both towards accelerating progress where we are clearly of the same mind and, perhaps more important, to brokering a consensus, or at least charting a way forward, where we have not always had a common view. I believe it is a testament to the enduring strength of our partnership that we have been able to have this dialogue. It is also evidence of a growing realisation of the mutual accountability that must exist in any real partnership.
23. Before finishing my remarks, I must also express my sincere gratitude to colleagues in Government, in particular to the Senior Ministers and Ministers who made presentations and contributed to our discussions. I would also like to thank the TWG Chairs and other Government colleagues from the Technical Working Groups. These TWGs, which of course include facilitation and representation from our development partners, as well as from NGOs and civil society organisations, deserve much of the credit for preparing the statements and analytical work that has informed much of our discussion. I therefore thank each of you - Government, development partner and NGO colleagues - for your contributions.
24. It is perhaps also opportune to reaffirm the commitment of Government to making the TWG-GDCC structure an increasingly effective mechanism for dialogue, partnership-building and supporting the implementation of the NSDP. I believe the mechanism that we have established is something of an international best practice and we should therefore strive to ensure that it is something of which we can be justifiably proud.
25. I must also acknowledge the role of the World Bank which, both before and during the meeting, has facilitated the contribution of development partners. The supporting role of the Bank, assisting in the fulfillment of a vision articulated and managed by Government, exemplifies the kind of partnership the Government believes will help us to move forward in many other more critical areas.
26. Please allow me to pause for a moment and to ask Ian Porter from the World Bank to say a few words on behalf of development partners.