

**Seventeenth Meeting of the
Government-Development Partner Coordination Committee (GDCC)
Phnom Penh, Cambodia, 18 October 2010**

Opening Remarks
by Deputy Prime Minister KEAT CHHON, M.P.
Minister of Economy and Finance
First Vice-Chairman, Council for the Development of Cambodia
Chairman, GDCC
Royal Government of Cambodia

- Excellencies and Colleagues from the Royal Government
 - Honorable Ambassadors and Distinguished Representatives of Development Partners
 - Ladies and Gentlemen
- 1- It is a pleasure once again for me to welcome Government colleagues, development partners and civil society representatives to the Palais du Gouvernement for this, our seventeenth meeting of the Government-Development Partner Coordination Committee.
 - 2- Since our last gathering here during the 3rd CDCF meeting in June, I am pleased to observe notable progress across a wide spectrum of social, economic and reform areas. The National Program for Sub-National Democratic Development was launched officially on 9 August. Other reforms have also moved forward, and we look forward to updates on Public Administration Reform as part of today's agenda. There has been a stream of positive news on the economic front also, with the banking sector reporting increased lending activity and some growth forecasts being revised upwards.
 - 3- We can therefore take some pride in the achievements made so far in implementing the Rectangular Strategy - Phase II. We are optimistic that the economy has now turned the corner and we can now look towards restoring the growth rate to its previously high level while increasing the resilience of the economy to future shocks. One important priority, emphasised by Samdech Akka Moha Sena Padei Techo **HUN SEN**, Prime Minister of the Kingdom of Cambodia, is therefore to diversify the economy, to establish new markets and to add value to our exports. With this in mind, Samdech Prime Minister has initiated and led the process of preparing the policy paper on "Promotion of Rice Paddy Production and Export of Milled Rice". I am aware that many of my Government colleagues have also been involved in the preparation and adoption of the policy paper and I wish to acknowledge and congratulate the collaborative effort in its production. I am also aware that development partners have followed this policy-making process with great interest and are interested to support the rice policy. This support and cooperation is also acknowledged and appreciated and I would therefore like to take this opportunity to provide a little more detail on the rice policy paper.

Excellencies, ladies and gentlemen
 - 4- The rice policy, guided by the vision and leadership of Samdech Prime Minister, recognises a great opportunity for Cambodia while simultaneously identifying the challenges that need to be overcome in order to diversify the economy and promote rural livelihoods. While the focus of the policy is clearly about promoting exports of milled rice, the associated investments in production, processing, markets and infrastructure will have a strong multiplier effect on other parts of the economy. The policy is designed around three pillars:

- a) productivity enhancement
 - b) diversification of products and markets
 - c) agricultural commercialization
- 5- To address each of these challenges a multi-sectoral response is required. There is significant scope for development partner support as the policy identifies priority activities related to:
- a) In the agricultural sector, to support the Strategy on Agriculture and Water, especially with regards to irrigation, adoption of appropriate technologies and the improved management and use of land, water, seeds and other inputs.
 - b) In work on trade, to promote private sector participation, investing at all points in the value chain (including for post-harvest), ensuring export standards are met, removing bottlenecks and actively promoting Cambodian rice in global markets.
 - c) In the financial sector, to review tax incentives, the functioning of the credit market, micro-finance facilities, and the effort to formalise the trade in rice.
 - d) In the infrastructure sector, to review energy concerns, transport links and transportation arrangements, ensuring that processing, storage and transport facilities are compatible with our objectives to increase both quality and quantity of rice exports.
 - e) In supporting sub-national development, to ensure that farmers concerns are taken into account during sub-national planning and development activity.
 - f) In the social sectors, to ensure that considerations of food security and social protection are addressed as part of a holistic approach to agricultural and rural development.

Excellencies, ladies and gentlemen

- 6- I hope that this elaboration has been useful to you and we can, if you wish, discuss the matter further under "Any other Business" if that would be helpful. The rice policy is central too much that we hope to achieve together as it touches on issues of economic growth, livelihoods promotion, food security and social protection. These are all areas in which we have well-established development cooperation programmes. More generally, I am sure that we can agree that the basic principles on which we base all of our cooperation - partnership, mutual respect, efficiency, and mutual accountability for results - will serve us well as the policy on "Promotion of Rice Paddy Production and Export of Milled Rice" moves towards implementation. More broadly, I feel that there is much more potential for tripartite and mutually-supportive partnerships between the Royal Government, the private sector and development partners. The largest milled rice exporters are neighboring countries, so there is also scope for enhanced South-South cooperation. This work on implementing the rice policy paper is an excellent opportunity for all of us to join hands with private sector and regional partners.

Excellencies, ladies and gentlemen

- 7- Please allow me to return to today's agenda. Our first session will review progress in some selected JMIs, ensuring a robust follow-up to our CDCF discussions. Specifically, we will focus in the following areas:

- i) On aid management, we will review and endorse the revised TWG Guideline and PBA Concept note, led by my colleague HE Chhieng Yanara from CRDB/CDC;

- ii) The Ministry of Planning will then update us on the NSDP monitoring and evaluation framework, as well as the integration of planning, budgeting and ODA mechanisms;
- iii) We will receive a briefing on the implementation arrangements associated with the Anti-Corruption Law, which have been moving forward quickly;
- iv) Colleagues from CARD will review progress in developing the National Social Protection Strategy;
- v) Finally, we will discuss effective cooperation in the legal and judicial sector, especially with regard to the Law on the Organisation of the Courts and the Statue on Judges and Prosecutors, two of the fundamental laws included in the JMI that was endorsed at the June CDCF meeting.

Excellencies, ladies and gentlemen

- 8- The Cambodia Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC), in its capacity as GDCC secretariat has also prepared a Progress Report based on reports from each of the Technical Working Groups. I strongly encourage you to read this report and to take note in particular of the following important points that are raised there:

- All TWGs report progress in implementing their annual workplans, although a few, including Agriculture and Water, and Food Security and Nutrition, report some resource constraints that restrict the work of the TWG. Other TWGs report that the complex and 'whole of Government' nature of their work requires more participation from senior Government officials from other Ministries and agencies;
- In almost every TWG, good progress has been reported against the JMIs agreed at the CDCF meeting in June. In many cases, the JMI is dependent on improved planning, budgeting and dialogue processes, which many TWGs report as making progress. Resource constraints appear to be a challenge however in TWGs related to Agriculture and Water, Education, Forestry and Environment, Fisheries, Food Security and Nutrition, Infrastructure and Regional Integration, Land, Legal and Judicial Reform, Mine Action, and Rural Water Supply, sanitation and Hygiene. I trust that these issues can be discussed in the respective TWGs and resolved; otherwise the GDCC can consider the specific problems in future meetings;
- Aid effectiveness work in all TWGs has been effectively mainstreamed, directly contributing to the achievement of results. The revision of the TWG Guideline and the Note on use of Programme-based Approaches, which I hope we can endorse today, will provide further momentum.

Excellencies, ladies and gentlemen

- 9- Our second agenda item is to review progress in the National Program for Administrative Reform. Important discussions are continuing with respect to the Priority Operation Cost scheme, which we may also discuss today, but it is our objective this morning to focus on broader issues and priorities in advancing the public sector reform agenda. I am pleased that colleagues from the Council for Administrative Reform are with us this morning to lead us through this agenda item.

Excellencies, ladies and gentlemen

10-I hope my opening remarks have set a clear structure for our dialogue today. I encourage all participants to make constructive and informed contributions.

Thank you for your attention