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OPENING REMARKS
DEPUTY PRIME MINISTER KEAT CHHON
MINISTER OF ECONOMY AND FINANCE
FIRST VICE CHAIRMAN OF THE COUNCIL FOR DEVELOPMENT OF CAMBODIA
CHAIR OF THE SECOND CAMBODIA DEVELOPMENT COOPERATION FORUM
PALAIS DU GOUVERNEMENT
PHNOM PENH, 4-5 DECEMBER 2008

Respected Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia
Colleagues from the Royal Government of Cambodia
Representatives of Development Cooperation Partners
Distinguished Guests, Ladies and Gentlemen

1. **Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia of the Third Legislature of the National Assembly**, announced during the Opening Ceremony of the First Cambodia Development Cooperation Forum on 19 June 2007, that we would meet here again to open the second CDCF on 4 December 2008. We are honoured that **Samdech Akka Moha Sena Padei Hun Sen** is once again presiding over the Opening Ceremony of the second CDCF, as the **Prime Minister of the Kingdom of Cambodia of the Fourth Legislature of the National Assembly**, upon the sovereign will of the Cambodian people expressed through the general election on 27 July 2008. On behalf of the Forum, I would like to convey our sincere gratitude to **Samdech Akka Moha Sena Padei Techo Hun Sen Prime Minister of the Kingdom of Cambodia** for presiding over the opening session of this second Forum and delivering his Keynote Address that will guide both government and development partners. Please allow me to welcome both colleagues from the Royal Government and our international and national development cooperation partners to the Second Cambodia Development Cooperation Forum at the ***Palais du Gouvernement*** which follows the Government-Development Partner Coordination Committee (GDCC) meeting that was successfully held on 28 October 2008.

2. The Second CDCF is being held at a time when the people of Cambodia have continually enjoyed an environment of peace and security, national unity both physically and institutionally, sustained by solid political stability. It is also the first Forum since the Government of the Fourth Legislature of the National Assembly was

inaugurated; hence the theme of the Forum being "Implementing the Rectangular Strategy for Growth, Employment, Equity, and Effectiveness—Second Phase." The CDCF is a forum for the Royal Government, development cooperation partners and civil society to dialogue on public policy issues within the priority framework laid out by the Rectangular Strategy, on the effectiveness and mutual accountability in the use of Official Development Assistance and the associated financing framework for the medium term.

Samdech Prime Minister
Excellencies, Ladies and Gentlemen

3. Remarkable during the past years, and in particular since the first CDCF meeting held in June 2007, has been the Royal Government's continued efforts to maintain and strengthen macroeconomic stability, which has provided a solid basis for sustaining unprecedented rapid economic growth. Despite having been engulfed in unfavorable external difficulties, first caused by the rising gas and food prices and then by the international financial crisis and the looming global economic recession, the economic growth rate in 2007 remained buoyant, at 10.2 percent. The 2008 growth rate is expected to be around 7 percent, according to the Law on Financial Management for 2008. Against the most conservative and prudent estimates of Cambodia's economic outlook done by the IMF, the RGC has been committed in the 2009 Law on Financial Management to achieving a 6.5 percent economic growth rate in 2009.

4. Public financial performance has been good in 2007 and 2008 with improved revenue collection and expenditures further restrained and systematically rationalized. Moreover, the 2008 national budget has been implemented with utmost prudence to pave the way for allocation to priority sectors and areas such as education, health, civil service reform, rehabilitation and maintenance and construction of physical infrastructures including irrigation systems. The sustained economic growth that Cambodia has been able to achieve so far is the result of the Royal Government's concerted efforts to deepen the implementation of its various reform programs, including the Public Financial Management Reform Programme, 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, Decentralization and Deconcentration Reform, and Legal and Judicial Reforms. These achievements have been possible only in an environment of peace and political stability without which we absolutely would not be able to move towards the improvement of our people's living standards, respect for human rights, democracy and sustainable development as clearly indicated in the National Strategic Development Plan and the Rectangular Strategy.

5. Notwithstanding the significant progress that has been made during the Third Mandate of the Legislature, the Royal Government still face challenges that need to be overcome. One is to reduce the poverty rate by 1 percentage point annually to reach Equity as mandated by the Rectangular Strategy Phase II. Further improving living standards of the people, particularly those in rural areas, and ensuring an equitable distribution of economic growth among all, remains a constant concern and one of the highest priorities for the Royal Government. Accelerating agricultural development through increasing productivity and developing the rural economy is, therefore, of the highest priority and urgency for the Royal Government during the Fourth Legislature of the National Assembly. Sustaining economic development, fighting poverty, ensuring food security and reaching the Cambodian Millennium Development Goals--this would not be possible without substantial improvements in rice productivity, agricultural diversification, agro-industry development and other supporting sectors. These have been incorporated in the Strategy for Agriculture and Water, and the Royal Government is committed to concluding the preparation of the five national components under the SAW by the end of next year.

6. To achieve the 7 percent annual growth rate and reduce poverty by 1 percentage point annually as envisaged in the Rectangular Strategy Phase II, in an environment where the global economic recession and financial turbulence have adversely affected the Government's effort at maintaining the flows of foreign direct investment as in the past years, the Royal Government will increase capital spending within the framework of the Public Financial Management Reform Programme and with utmost care being placed upon following strict monetary measures as instructed by the National Bank of Cambodia. Similarly, the Royal Government needs more ODA in the form of grants or concessional loans to supplement foreign direct investment. Foremost, these resources must be used appropriately and effectively to support the implementation of the NSDP, as broadly outlined in the NSDP Mid Term Review, if Cambodia is to achieve the planned economic growth target, reduce poverty and reach the Cambodian Millennium Development Goals. Challenges such as these are the topics for discussion during the Forum.

7. Chief among the Royal Government's efforts is resolutely fighting against corruption. As instructed by Samdech Prime Minister in the first meeting of the Cabinet to launch the implementation of the Rectangular Strategy Phase II, the Joint Monitoring Indicators Matrix continues to include combating corruption as an indicator of importance and urgency for the Royal Government. As clearly stated, the fight against poverty and corruption will continue to go hand in hand and will never end.

Samdech Prime Minister
Excellencies, Ladies and Gentlemen

8. Enhancing the effectiveness of development assistance has received attention in both international arena and in partner countries, in particular the real implementation of the Accra Agenda for Action by partners and development partners. In Cambodia, we have taken concrete steps and made significant progress. For over five years, the Royal Government has established a coordination mechanism that comprises Technical Working Groups and the Government Development Partner Coordination Committee (GDCC), and has strived to make the mechanism function. The mechanism has been reviewed and reformed to strengthen partnership to achieve increased effectiveness. Now this mechanism has matured and functioned rationally and effectively. Evidently, the mechanism has provided invaluable contribution to the work leading to the conduct of the Forum today.

9. The Royal Government, in 2008, has reviewed in detail the effectiveness of development assistance that has been provided to Cambodia. The Cambodia Aid Effectiveness Report 2008, using an evidence-based approach, assessed progress and challenges and recommended actions to address aid effectiveness issues. 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. The Royal Government's position, on this matter, is nothing other than fully implementing the Accra Agenda for Action, to which all development partners here are signatory. For Cambodia, this means the implementation of the Harmonization, Alignment, and Results Action Plan.

10. **Samdech Prime Minister**, taking this opportunity, as Chairman of the Forum, please 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, as Secretary General of the Forum, he has closely cooperated with colleagues from the Royal Government in the preparation of the Joint Monitoring Indicators for the Forum, and 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, as per the role and functions of CRDB/CDC as the Royal Government's focal point for aid coordination. Results and achievements so far signify the Royal Government's firm determination and confidence in its endeavor to exercise ownership and leadership over the development of this country, and the capacity and ability of this agency of the Royal Government in coordinating development assistance.

Samdech Prime Minister
Excellencies, ladies and gentlemen

11. The undeniable progress that has been 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**, supported by gracious contributions and inputs from our development cooperation partners. 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 the designated Lead Development Partner Facilitator, Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, will deliver his Keynote Address to officially open the second Cambodia Development Cooperation Forum.

Right now, I would like to invite our Lead Development Partner Facilitator, Mr Qimiao Fan, Country Manager of the World Bank, to deliver his Remarks on behalf of development partners.

Thank You.