Keynote Address
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- *Excellency Chairman of CDCF;*
- *Excellencies, Country Representatives and Development Partners;*
- *Excellencies, Members of the Royal Government;*
- *Excellencies, Ladies and Gentlemen, Distinguished National and International Guests,*

1. Today, I have a great honor and pleasure to join this gathering of the representatives of international community and development partners. I would like to extend my warmest welcome to all of you, and highly appreciate your participation in the Third Cambodia Development Cooperation Forum (CDCF).

2. Today's forum will focus on the objectives of the **Rectangular Strategy II** which are being implemented through the Updated **National Strategic Development Plan (NSDP) 2009 – 2013,** recently adopted by the National Assembly on the 31st May 2010. The theme of this third forum also reflects the Royal Government's strong determination to realizing the political platform set forth for the 4th legislature of the National Assembly, in response to the overwhelming support of the Cambodian people who expressed their will by electing their representatives during the July 2008 general elections. The Royal Government will further continue its efforts to lead Cambodia's vessel on the right course of multi-faceted development, including promoting poverty reduction, strengthening peace, political stability and good governance, implementing reform programs, enhancing international cooperation, developing the private sector, promoting the rehabilitation and reconstruction of infrastructure,

capacity development and providing basic services for socio-economic development and integrating Cambodia into the region and the world. In general, the Royal Government has made its utmost efforts to firmly and deeply implement various reform programs and consider them as a "live or death" issue for Cambodia.

3. In this context, as in the previous CDCFs, we gather today not only to assess the progress and review our reform programs during past year, but more importantly, we have to capitalize on this opportunity to exchange views on key aspects that must accelerate Cambodia's development. This third forum is coincided with the slowdown of the global financial and economic crisis; while signs of recovery are getting clearer, even though there are downside risks to the global economic and financial system. Bearing in mind the negative impacts of the worse financial and economic crisis, we are now able to provide, with greater certainty, the general assessment of the status and the pillars underlying the Cambodian economy, which has weathered through the financial hurricane. In the same vein, we can see the positive outcome of the efforts made by the RGC and Cambodian people during such difficult time. Thus, a comprehensive evaluation of the progress made by Cambodia in socio-economic development must take into account the will and strong determination of the Royal Government and the people of Cambodia, closely united in fighting against this crisis.

4. Therefore, before I go on highlighting some major achievements that we have made since the last CDCF in late 2008, on behalf of the Royal Government and People of Cambodia, I would like to extend our profound gratitude to all the development partners and the private sector for their outstanding contribution during the past year, in particular at the time when we all faced together the challenges and the hard time of the crisis. I strongly believe that all the development partners will continue this kind of good cooperation in the spirit of a sincere and true partnership, mutual accountability and ownership. The Royal Government of Cambodia, established by the will of the Cambodian people, is determined to be a responsible actor in carrying out its mandate, while considering our national interests and the aspirations of the people as its top priority.

Excellencies, ladies and gentlemen,

5. 2009 was a difficult year for Cambodia. The global financial and economic crisis risked to undermine our past achievements in socio-economic development. It had a negative impact on Cambodia's economic and financial system. This led to a decline in the flows of funds and private investment, as well as the slowdown in demand in Cambodia's domestic market and the number of tourist arrivals. The sectors that were most affected by the crisis included garment, tourism, construction and real estate. It was expected that the crisis posed a significant risk and negatively affected the livelihoods of people, especially those who rely on those sectors. As a result, the outcome of socio-economic development has been undermined by negative impact of the crisis, thus making the attainment of the CMDGs even more challenging and posing greater down-side risks on Cambodia's achieving the targets in a number of sectors. In short, the crisis threatened to undermine the achievements that Cambodia has made during the past years.

6. Nevertheless, while facing the economic and financial cataclysm, the Royal Government has outlined and implemented well-designed policy measures to overcome and mitigate the impact of the crisis. Our fundamental philosophy in combating the negative impact of the crisis was to ensure good economic management and maintain a stable macroeconomic environment conducive for economic recovery, and in particular to maintain the livelihoods of the people. In other words, this policy was designed to "*make sure that everyone is fed*". In the spirit of this philosophy, Cambodia has provided a pro-active and effective response to the crisis by providing a *moderate fiscal stimulus,* designed to maintain *monetary stability* and *support economic growth*. The Committee on Economic and Financial Policies, led by H.E. Deputy Prime Minister Keat Chhon, has been tasked to play a leading role in coordinating and monitoring government ministries and agencies in implementing policy measures in response to the crisis.

7. Within the context of this coordination, the National Bank of Cambodia (NBC) has implemented a number of effective measures aimed at easing reserve requirements, improving supervision and tightening regulation, including on-site inspection, improved risk management and cooperate governance, allowing commercial banks to withstand the changing economic and market conditions.

8. Along with this, the Royal Government has implemented expansionary fiscal policy by increasing public spending, especially targeting *social safety nets* and *retraining programs* to help those affected by the crisis to look for new employment. We have also established *Agriculture Support and Development Fund* to improve agricultural productivity and to diversify our base of growth. ***Regarding public investment, we have given priority to the construction of physical infrastructure and productivity enhancement in order to promote agriculture growth***.

9. Furthermore, the Committee on Economic and Financial Policies had conducted a series of meetings with key private sector partners, especially in the garment and tourism sector, to discuss and lay out a host of urgent measures aiming at supporting and facilitating those sectors that were adverse affected by the crisis.

10. As a result, fiscal deficit in 2009 is expected to increase to more than 6% of GDP, a record high deficit compared to that of the past several years.

11. These efforts have enabled us to overcome the adverse impacts of the global economic and financial crisis last year, while maintaining the fundamentals of Cambodian economy intact. Indeed, GDP growth in 2009 is expected to be positive, albeit very small, mainly driven by agriculture and the service sector. The agriculture sector grew more than 5%, which compensated for the decline in the manufacturing sector. At the same time, all other sub-sectors of services were expected to post a positive growth, except the real estate. The tourism sector was also affected by the crisis, which made the hotel and restaurant sector growing only at around 2%. Foreign direct investment had gone down to around USD 500 million in 2009, but it is still sufficiently big enough to support the Cambodian economy. The finance and banking sector has been fairly stable.

12. At the same time, economic growth in 2010 is expected to rebound and has been forecasted at around 5%. Inflation has drastically declined due to the drop in food prices, and the riel exchange rate has been broadly stable against US dollar. The international reserves increased from US$2.1 billion to US$2.3 billion in 2009, which are equivalent to 4 months of import. Based on these latest indicators, we can confidently conclude that ***the Royal Government had successfully weathered the***

***hardest period of crisis along with the other Asian economies. While going through this crisis, we managed to ensure a sound financial sector, while maintaining macro-economic and social stability, particularly the livelihoods of the entire people of Cambodia*.**

13. From an overall macroeconomic perspective, the impact of the economic crisis on the livelihoods of Cambodian people varies across locations and social strata. Nevertheless, only a fifth of Cambodian households were directly exposed to the sectors that were hit by the crisis, especially garment sector, and the Royal Government of Cambodia has timely taken action to mitigate its impacts. In contrast, with robust growth in agriculture and rural economic activities, we expect that the overwhelming majority of the people who are farmers in rural areas would benefit from this growth, and as result their livelihoods would have been improved.

Excellencies, Ladies and Gentlemen!

14. The Royal Government always considers good governance as the most important prerequisite for a sustainable and equitable economic development and social justice. Good governance requires adherence to the rules of law with equity, accountability and transparency. We must ensure that good governance covers all aspects of governance and ensures full participation of people from all walks of lives in the society. In this sense, one cannot say good governance is only for a particular person or a particular group of people or for just a segment of society, because good governance responds to the current and future needs of the Cambodian society. Therefore, the implementation of all important reforms by the Royal Government must aim at strengthening good governance, through public administration reform, legal and judicial reform including anti-corruption, accelerated implementation of public financial management reform, decentralization and de-concentration. Continuous and consistent efforts should be made to implement these reform programs.

15. In the context of this vision, the Royal Government considers the fight against corruption as a top priority during its fourth mandate. In this spirit, even before the adoption of an anti-corruption law, the Royal Government focused its attention to the fight against corruption by laying out a Good Governance Action Plan, the adoption and strict enforcement of laws including the

prevention and cracking down on crimes related to forestry, land and fisheries, illegal check-point, smuggling, as well as conspiracy between businessmen and law enforcement officers and illegal activities in other forms which create hardships to the daily lives of innocent people.

16. The Royal Government clearly understands that the anti-corruption law is indispensable for an effective fight against corruption. Therefore, with strong determination that I highlighted at the 2nd CDCF at the end of 2008, we worked very actively and finalized the draft law and submitted it for adoption to ensure consistency with other important laws which constitute the foundation of anti-corruption law. By now, the law on anti-corruption was adopted by both the National Assembly and the Senate. Hence, the next indispensable mission that the Royal Government is committed to do is to prepare necessary mechanisms required by the law to ensure effective enforcement of this law, including dissemination, law enforcement, adoption of related regulations and other concrete measures that is related to the strategic framework and the reform programs of the Royal Government in the area of good governance.

17. At the same time, the Royal Government will continue legal and judicial reform by implementing the Strategy for Legal and Judicial Reform. We have so far made some improvement in legal and judicial system by focusing on the preparation of a sound legal framework and strengthening institutional capacity, independency, and impartiality of the court system, which constitute important elements in strengthening the rule of law. This includes the adoption and promulgation of four fundamental codes, such as the Penal Code, the Penal Procedures, the Civil Code and Civil Procedures. Moreover, some other important laws were drafted and submitted to the Parliament for approval. Along with that, the Supreme Council for the Magistracy has taken disciplinary actions, while attention has been now given to training, capacity development and increasing professional responsibility of the court officials, judges and prosecutors. In this regard, the *Center for Judicial Service* was established to facilitate out-of-the-court conflict resolution and a model court was piloted in order to improve court procedures and ensure effectiveness and efficiency of the court system in order to reduce the bag logs of cases at the court of law.

18. At the same time, the Royal Government has set out the public administration reform as a target of transforming public administration into an operation-oriented administration with high productivity, responsibility and capacity. In this spirit, the Royal Government will accelerate the implementation of the public administration reform to become an efficient, transparent, accountable public service provider that is timely responsive to the people's needs. In this connection, priority will be given to increasing the efficiency of the use of IT and strengthening management and capacity building for civil servants, strengthening public service delivery and other sovereign role of the State related to the facilitation of investment, SMEs and the improvement of ***"Single Window"*** process and the creation of "citizen offices". The mechanism to promote efficiency of public service such as ***"special operation agency (SOA)"*** will also be implemented in a more comprehensive manner.

19. The global financial and economic crisis in the past year has indeed put much pressure on Cambodia's fiscal space. This required the Royal Government to urgently review the package of salary supplements for the armed forces and civil servants to ensure the efficiency of public financial management, macroeconomic stability and the efficiency of our short- and long term development. In this regard, we have introduced a number of targeted measures including the revision of functional allowances for the Royal Cambodian Armed Forces and the National Police Officers and strengthening the management of civil servants, armed forces and police payroll, along with the termination of Priority Mission Group (MPG) and Merit-Based Pay Initiative (MBPI). However, the Royal Government has been well aware of the need to ensure sustainability and efficiency in implementing various development projects within the cooperation framework with all our development partners. Based on this, we have agreed to spend 6 months preparing a new framework of ***"Priority Operation Cost (POC)"*** which has been prepared and agreed upon already and the detailed guideline for implementation is being prepared in order to introduce this new initiative by this July.

20. However, we also recognize that in order to achieve major objectives of public financial management reform within the short- and medium term, ***the Royal Government is obliged to continue implementing deep reform of the pay system based on a number of major principles such as ensuring***

macroeconomic stability, efficiency of the public services as well as the consistency and equity of the payment.

21. Indeed, transforming the Cambodian public administration, relatively very young since the end of war and internal conflict, into an effective instrument of public services delivery with professionalism, responsibility and transparency based on culture of serving the people, requires us to implement reforms with care, clear vision and consistency with the development process of Cambodian society as a whole. In this regard, we have to ensure that the implementation of the reform must be sustainable by avoiding internal conflict in the public administration, and more importantly, public administrative reform must be responsive to the long term interest of Cambodian people. In the framework of this view, the Royal Government is currently implementing the reform agenda by taking ownership and high responsibility to serve the national interest and the people of Cambodia, not just to satisfy any individual or to response to the tendency or agenda. The Royal Government would like to welcome the support and sincere constructive comments from the development partners and other stakeholders in their capacity as partners. We clearly understand that the history will assess the efforts made by the Royal Government, that stem from the true will of the people through the legacy and result we have left for Cambodian people who are the real owners of power in this generation and ahead.

22. Within the framework of implementing decentralization and de-concentration reform so far, the Royal Government has been promoting and facilitating the smooth implementation of commune/sangkat councils in conformity with the implementation of public administration reform and other important reforms of the Royal Government, especially the public financial management reform program. As a result, all members of commune/sangkat council have jointly performed their duties effectively to reduce discrimination and political divides toward building mutual understanding and high sense of responsibility to develop the local community. At the same time, the Royal Government has promulgated strategic policy framework for implementing decentralization and de-concentration reform programs. The government has also adopted long-term and comprehensive action plan for achieving the vision of democratic development, more specifically, the **National Program for Democratic Development at the Sub-national Level for 2010-2019**, which the Council of Ministers adopted on the 28th

May 2010. Indeed, the decentralization and de-concentration reform programs reflect a strong and new commitment in improving the sub-national governance system. We have a strong will for implementing this reform. One of the success factors is to have a full participation from all concerned parties including their support and coordination as well as their respect for Cambodia's ownership which could allow the government to steer the reform through such a difficult journey.

Excellencies, Ladies and Gentlemen!

23. Agriculture is the top priority sector for Cambodia's socio-economic development. In this context, the interrelated, consistent, and comprehensive agricultural policy was designed and reflected in ***the Royal Government's Rectangular Strategy II*** which not only focus on the enhancement of agricultural sector to become a leading sector to promote economic growth and to reduce poverty, but also to ***ensure sufficient foods and safety for all citizens, improve income generation for farmers, and to preserve sustainable natural resource management.*** In this connection, the agricultural sector development is a key to support economic growth and ensure diversification of the national economic growth base, reduce poverty, and improve livelihood of the people. Although the country has been affected simultaneously by the global financial crisis, drought, flood, typhoon Ketsana, and pests, but with good policies and concerted efforts between government, private sector, and concerned development partners, especially farmers, we have achieved noticeably in enhancing agricultural productivity, especially paddy rice intensification by improving the quantity and quality of rice production, and gradually strengthen the processing capacity for export and for domestic consumption. Along with that, the cultivation of other cash crops in response to the current regional and global market demand such as rubber, cassava, and cashew nut plantations have also been expanded and promoted.

24. Realizing that agriculture is crucial for poverty reduction and promotion of economic growth, the Royal Government of Cambodia introduced a set of systematic, harmonized and interrelated policies since the third legislature of the National Assembly. They include increasing production and diversification through land improvement, crop protection, selection of high-yielded varieties, mechanization and modern technology for

production and harvest; strengthening agricultural support services such research and development, extension services, farmer community, market access and access to credit; improving quality of products; promoting agro-industry and processing; speeding up land reform especially provide land titling; increasing public investment in agriculture; implementing zero-import-tariff and duties exemption for agricultural materials such as seeds, fertilizers, pesticides etc; establishing Agriculture Development Fund; including agriculture investment project into Qualified Investment Project (QIP) for incentives scheme under existing Investment Law; and promoting partnership between smallholder farm and plantation-type agriculture and agricultural corporations, as well as organizing farmer communities for their partnership with rice collector, processor, distributor and exporter.

25. Cambodia is endowed with "**White Gold**", which means that the quality of our rice should meet the requirements of the growing global rice market. Presently, after meeting the demand of domestic consumption, we have 3 million tons of paddies in surplus, which is equivalent to 2 million tons of processed rice. While the current rice export countries have limited capacity to increase their production, Cambodia has great potential to increase rice production and productivity through irrigation expansion, seed selection, and appropriate use of fertilizers and modern technology. The Royal Government sees the opportunity to promote rice export, which is the White Gold of Cambodia, in the context of growing world demand and the existing production potential in Cambodia. Though, we have introduced some necessary measures, but it is insufficient to ensure the highest effectiveness in grapping this immediate and rare opportunity. In this spirit, the Royal Government is going to shortly launch a Policy Paper entitled: ***«Measures to Promote Paddy Production and Rice Export»***. Therefore, I would like to urge all stakeholder and partners, especially the private sector to support the effective implementation of those measures in order to ensure poverty reduction, improve the living standards of the Cambodian people and promote sustainable development in Cambodia.

26. As you all know, Agriculture and Water Strategy was jointly developed by the Ministry of Agriculture (MAFF), Forestry and Fishery, the Ministry of Water Resource and Meteorology (MOWRAM) and relevant partners in these fields. This strategy aims to develop agriculture sector by linking to water and develop

five programs: (1) Institutional capacity and management supports in areas of agriculture and water, (2) Ensuring food security, (3) Agricultural and Agri-business support, (4) water resources, irrigation and land management, and (5) Agriculture and water research, education and extension. Immediately, the Royal Government put high priority in irrigation expansion to increase the surface of cultivated land and productivity by paying attention to creating a network of small-scale canals linking large-scaled irrigation facilities to farmer's rice fields and ensuring the participation of farmers in the management and maintenance of those small-scaled irrigation systems. It is true that our government priority is to focus on areas with high level of poverty and areas endowed with great production potentials, especially for rice production.

27. Moreover, forestry reform, land reform, mine and unexploded ordinance clearance and fisheries reform are going to be actively implemented to maintain effectiveness and sustainability of management and development of natural resources. Within the framework of these reforms, the Royal Government has adopted the approach of making continuous efforts and has taken measures to tackle root causes of the problems by cracking down on forest crimes and illegal logging. The Royal Government continues to take serious strides in land management by preventing the encroachment on public land, rejecting the recognition of all forms of land titles procured under opaque procedures and giving more attention to social land concessions order to help landless people and people who really need land so as to achieve high productivity and economic efficiency. The government will continue to revoke economic land concessions, when the concessionaires failed to fulfill their responsibilities and will ensure the comprehensive, rigorous and thorough implementation of a so-called «***Leopard Spot***» policy, i.e. the policy of providing social land concessions within economic land concessions. It is clear that measures to improve the management, distribution and utilization of land and to ensure the safety of land titles remain one of the highest priorities together with eliminating all forms of anarchic and illegal land holding. The government will take appropriate measures against land hoarding without utilization and production. Based on past achievements, the Royal Government will prepare a comprehensive land policy, which is a **"White Book"** as a roadmap for land reform in medium to longer term.

28. In this regard, the clearance of mines and UXOs remains a priority of the Royal Government, especially in the remote areas where people lack land for crop cultivation and where there is a big potential for agriculture and infrastructure development. The mine clearance activities must be linked to equitable distribution of cleared lands to benefit those who are really landless people. Fisheries management will be also rigorously reviewed to protect these resources. The Royal Government will tighten law enforcement by taking legal action against those who have repeatedly committed such crimes and whose activities destroy the fisheries, wild life and forestry resources of the Kingdom of Cambodia.

Excellencies, ladies and gentlemen,

29. The Royal Government is fully aware of the importance of effective and efficient public financial management for national development and poverty reduction, especially in terms of sustainable development and improvement and efficiency of public services. In this spirit, the Royal Government will further implement the "*Public Financial Management Reform Program*", by building on the success of the program's Platform One – budget credibility and moving to Platform Two – financial accountability which is the key stage of the whole reform program. In this sense, the Royal Government will firmly and rigorously uphold the principles of public financial management as outlined in the Law on Public Financial System. In this regard, special attention will be given to strengthening government's capacity in the collection and efficient, transparent and accountable management of revenues from all extractive industries, especially from gold mining and oil and gas. At the same time, the Royal Government will further and rigorously implement the "*Financial Sector Development Strategy 2006 – 2015*" by fast tracking the establishment of Cambodia's exchange market to mobilize financial resources from both inside and outside of the country for national development.

30. With regard to the development of the private sector, the Royal Government continues to promote the rehabilitation and reconstruction of key infrastructure projects and has created favorable conditions for ensuring a stable and predictable environment to attract and promote private investments. Thousands of kilometers of national, provincial and rural roads have been built to connect different parts of Cambodia like a

network of economic and internally integrated entities in order to unlock greater potentials for economic development and ensure equitable distribution of the fruits of economic growth across the country. This infrastructure lifeline also serves to connect Cambodia to the regional and global economy, trade and transportation system. In this sense, investment in infrastructure remains our top priority in promoting socio-economic development.

31. The Royal Government indeed considers the private sector as an engine of growth by ensuring a favorable business climate to allow the sector to increase its contribution to socio-economic development. The Royal Government will improve institutional mechanisms and legal and regulatory framework aimed at facilitating private sector growth through trade and investment facilitation, simplification of licensing requirements, reduction of administrative red-tapes in inter-institutional coordination, reduction of unofficial payments in obtaining administrative services, and adoption of legal and regulatory framework as well as institutional support for the development and management of SEZ and so forth. The Royal Government will further strengthen the Government – Private Sector Forum to address the common concerns of the government and the private sector. Along with this, the Royal Government highly welcomes valuable contribution from development partners who have been involved or supported the private sector development in Cambodia through their participation in the Royal Government – Private Sector Forum and providing financial and technical support to this initiative. Over the long term, the Royal Government wishes to transform the "*Cambodia Development Cooperation Forum*" into the "*Cambodia Development Forum*", in which all partners including development partners, the private sector and the civil society meet all together with government officials to discuss issues related to national development agenda and coordinate their contribution in a way that help achieve this development agenda.

Excellencies, ladies and gentlemen,

32. The Royal Government has made a significant progress in the education sector, especially in terms of the goals of the Education Strategic Development Plan 2006 – 2010, which forms an integral

part of the **Rectangular Strategy Phase II**, in order to ensure that Cambodian children and young people have an equal opportunity to formal and informal basic education regardless of race, skin color, gender, religion, political views, origin and social status. Based on this philosophy, the Royal Government will work to ensure equity in obtaining 9 years of basic education for all children in accordance with "education for all, all for education". The Royal Government, over recent years, has indeed worked to ensure that the design and implementation of any new plan would be consistent with the goals of the education sector and to improve the participation of all government ministries and agencies, relevant development partners and members of the civil society in order to ensure an equitable access to education and to improve its quality and efficiency at all levels. This will be crucial for generating economic growth and creating prosperity for the Cambodian society. At the same time, the government is paying great attention to development of tertiary education and vocational training by ensuring all tertiary education institutes and universities and vocational training schools are capable of providing quality education and vocational training so that their graduates will be competitive in the domestic and international labor markets. To this end, the government will continue to give priorities in the education budget to increase the number of scholarships, construction of dormitories, schools and deployment of teachers across the country. In this spirit, the government has made serious efforts to ensure the participation of the private sector, development partners and members of the civil society in order to promote education at all levels and raise the quality of skill training, provide modern equipment and high quality school materials to meet the requirements of modern training and workplace.

33. In the health sector, Cambodia has made remarkable progress in the rehabilitation and expansion of physical infrastructure, building institutional capacity and developing human resources, which are crucial for supporting and extending coverage of health care services in order to ensure a timely response to the demand in essential health care of the people nation-wide. Indeed, the government always gives priority to timely preventing and combating the spread of diseases, promoting health care, sanitary and nutrition to the people. With these efforts, we have clearly identified that citizens in good health are key to ensuring sustainable human resource and socio-economic development. Indeed, Cambodia has made significant progress in reduction of

maternal and child mortality rate by deploying at least one midwife at a health center nation-wide. The prevention of HIV/AIDS has been successful and the HIV/AIDS prevalence has been stabilized at around 0.9%. At the same time, the government is accelerating the implementation of the Health Sector Strategic Plan 2008-2015 to strengthen provision of health services of quality to the people, to improve attitude of health service providers, to secure the flow of funds for adequate and timely supply of medical equipment, to maintain professional skills and capacity of health personnel, to improve the provision of pharmaceutical products and to strengthen health information system, health financing and health governance and so forth. All of this will help increase efficiency of health service provision to the people and help build effective social safety nets in order to promote poverty reduction and socio-economic development in Cambodia. Capitalizing on these achievements, the government will continue actively promoting and implementing all key measures and policies including strengthening partnership as well as reform in this sector aiming at continuing improving the climate for private investment and promoting construction of physical infrastructure for this sector which will create a mechanism for fast development of Cambodian health sector.

34. The Royal Government has made efforts to raise the status of women, who are the backbone of the economy and society by continuously carrying out our strategic plan ***"Neary Ratanak (Women as Gems) III"*** with the objective to providing Cambodian women value and hope in their lives. The Royal Government always gives high priority to promotion of value, role and social status of women through promoting implementation of Gender Strategy which gives focus on building capacity of women, ensuring further woman ability in education, health and access to economic resources, changing negative social attitude toward women, encouraging woman participation in all public office as well as ensuring their rights which enable women's active and equitable participation in nation building process. Obviously, the prevention and elimination of domestic violence, woman trafficking and child exploitation must move in line with fighting against and eradication of production, trade and usage of drug which is the daunting challenge to society and adversely affects the welfare of Cambodian youth. In this spirit, the Government will pay more attention and take necessary measures to effectively get rid of and prevent these vices. Undeniably, success of this task will make major contribution to poverty

reduction, improvement of welfare of the people and overall socio-economic development.

Excellencies, Ladies and Gentlemen!

35. Last year's global economic crisis was a litmus test to measure sound achievements that we have made so far and to test the capacity of the Government in leading socio-economic development. While going through the hardest period of this crisis, Cambodia has gained lessons and experiences through designing and implementing necessary policies to contain the crisis, particularly by adopting systematic, coordinated and interconnected measures aiming at helping the sectors that were directly hit by the crisis, by strengthening social safety nets for Cambodian people and giving priorities to sectors that has the potential to generate high economic growth and support the effort for economic diversification and poverty reduction, as well as improving livelihoods of the overwhelming majority of Cambodian people in the rural areas, namely the agriculture sector. From these lessons and experiences, we must have a social security system that is formal, comprehensive and consistent with the capacity and needs of Cambodia. In the meantime, the conceptual framework for a social security system has already been developed, and we are taking a step further to transform this conceptual framework into concrete mechanism for implementation.

36. Based on experiences and lessons we have learnt, we clearly realize that when the global financial meltdown has subsided we must seek ways to define various policy measures, that we must implement in order to ensure that Cambodia is on the pace of high economic growth, strengthen and expand our achievements in poverty reduction and sustainable development. We must also ensure that the Cambodia's economic structure will be modernized and the basis for economic growth will be more comprehensively strengthened along with the progress of national and regional integration. Thus, our key issue is to strengthen the **competitive advantages of Cambodia**. I believe that major priority that I have stressed earlier including the detailed policy measures stated in the ***Updated National Strategic Development Plan*** will help pave the way for spearheading the ship of Cambodia to move toward achieving the vision and strategic objectives of realizing the ambition set out by the Royal Government in the **Rectangular Strategy II**.

37. There is no doubt that the current cooperation financing provided by the development partners will still be crucial to contribute to the national economic development. Based on this significance, Cambodia is highly committed to using those cooperation resources more effectively and efficiently in order to build a truly solid foundation to promote growth and poverty reduction of the people. The Royal Government would like to convey our deepest gratitude to all relevant partners, including development partners and private sector partners and members of the civil society who have always worked closely with and supported the Royal Government and people of Cambodia. I strongly hope that our two days meeting will provide ample time for discussion on the achievements and shortages as well as the challenges that we all are facing in order to seek for ways to speed up the process of moving ahead to double the progress and prosperity. In this sense, I believe that Cambodia can truly move to achieve its long term vision, meaning to gradually build Cambodia as peaceful society with political stability, security and social order, sustainable and equitable development along with the respect for the principles of liberal democracy, pluralism as well as the respect for human rights and dignity of all human beings, a harmonized society with highly educated and culturally advanced people, who will enjoy improved living standards and live in harmony with their families and the whole nation.

38. In this context, it is clear that the ***"partnership",*** based on the foundation of cooperation, sincerity, trust, and mutual understanding and the respect of ownership, will become the most important defining factor in our joint efforts in order to achieve the objectives set in the **Rectangular Strategy II**. In this spirit, I would like to express full support for the continuation of strengthened partnership through the joint implementation of the result-based assessment methodology, which helps increase the efficiency, ownership and strengthen the management system as well as helps manage every form of development resources and ensures the mutual accountability for the achievements. In this regard, Cambodia welcomes the joint monitoring mechanism of the development indicators and the result-based assessment methodology that will improve the monitoring of progress as mentioned in this and future fora. In this sense, I would like to request all concerned ministries and agencies to make the best use of the development resources, to contribute more actively and cooperate closely with the development partners and all

members of the civil society in order to make sure that all those development resources have been properly used at the best interest of the people and society. At the same time, I would like to highly appreciate **H.E Chhieng Yanara** who has managed to prepare the **"report on the efficiency of cooperation financing in Cambodia"** by evaluating the achievements we have made so far, as well as highlighting the challenges Cambodia is facing in using resources to reach the result-based development, and for his various efforts in terms of technical inputs and his facilitation to make this forum happen.

39. I have noted with satisfaction that there are many of our development partners participating in this forum today. The Royal Government would like to welcome and highly value the richness in views on development that our development partners can contribute to Cambodia. The strengthening of comprehensive partnership with all related parties is even more significant when the challenges in development today are more complicated and multi-faced. The Royal Government of Cambodia would like to ensure, once again, the effective, transparent and accountable utilization of development resources provided by development partners. I strongly expect that we will continue collaboration and closer cooperation based on the spirit of true partnership, loyalty and respect of ownership of Cambodia.

40. At the end, I would like to thank development partners for their good intentions to help Cambodia. H.E Deputy Prime Minister **Keat Chhon**, an experienced and competent leader, accompanied by H.E Dr. **Aun Porn Moniroth** in his capacity as alternate chairman, will represent the Royal Government to lead this 3rd Cambodia Development Cooperation Forum. My colleagues will stay and willing to share with you all the detailed information about various programs, the situation and the needs for our socio-economic development.

41. May I wish you all good health and success, and this 3rd Cambodia Development Cooperation Forum fully successful.

Thank you for your attention!