



**Cambodia Development Cooperation Forum (CDCF)  
Phnom Penh, Cambodia, 2-3 June 2010**

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Royal Government of Cambodia

**Résumé of Discussion and Agreed Actions**

- Deputy Prime Minister Keat Chhon, Chair of the CDCF
  - Colleagues from the Royal Government
  - Honorable Ambassadors, Distinguished Representatives of Development Partners
  - Ladies and Gentlemen
1. We have completed our agenda and it is now time for me to summarise our discussions. These summary remarks – the Résumé of our meeting – are the result of consultations with participants in this Forum. We therefore trust that they will represent the consensus view on what we achieved and what more needs to be done: it is a joint summary. This is intended to signal our joint commitment to the partnership-based approach that informs the implementation of the NSDP, the theme of our Third CDCF meeting. But more than this, it demonstrates a joint commitment to taking action. And to reminding one another that we are jointly as well as individually accountable for the results of these actions.
  2. Before providing this summary, I would like to communicate my deepest gratitude, and indeed the sincere appreciation of all participants, to **Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia**. His insights and counsel offered guidance, providing our meeting with a framework in which to manage our dialogue. It also made clear the resolve of the Royal Government to implementing the Rectangular Strategy – Phase II and the NSDP.
  3. In his keynote address, Samdech Prime Minister **Hun Sen** identified six key themes.
    - The first theme related to economic management and, emphasising the role of prudent economic management by Government and the provision of infrastructure that promotes private sector development. He emphasised that economic policy will deliver benefits for all.
    - The second theme concerned good governance. Samdech Prime Minister reminded us that "Good governance requires equitable, accountable and transparent act under rule of law" and he detailed progress in each of the major reform.
    - The third theme was to consider the role of agriculture in driving growth and in supporting livelihoods. The importance of diversification was highlighted and Samdech Prime Minister announced that the Royal Government will soon launch a policy on promoting rice production and export. A 'white paper' will prepare a comprehensive land policy and roadmap for reform.
    - Samdech Prime Minister's fourth theme focused on financial and private sector development. The Financial Sector Development Strategy 2006-2015 will deepen the size and scope of the financial sector so that it can support a modern economy. Strengthening institutional mechanisms and increasing public investments in

infrastructure demonstrate how the Royal Government is "striving to create favorable conditions to attract new investors".

- The fifth theme was devoted to the development of the social sectors. Samdech Prime Minister highlighted the role of education as an individual right, as well as providing the foundation for the human resource base. Similarly, in health and gender, Samdech Prime Minister made the link between guaranteeing basic rights creating prosperity for all.
- Finally, ladies and gentlemen, the sixth theme addressed by Samdech Prime Minister was directly related to the theme of our meeting. It concerned partnership, which Samdech Prime Minister identified as "the most important defining factor in our joint efforts in order to achieve the objectives in the Rectangular Strategy-Phase II".

4. We also received Opening Remarks from Deputy Prime Minister **Keat Chhon** and from Ms **Annette Dixon** of the World Bank, who spoke on behalf of development partners. Deputy Prime Minister **Keat Chhon** emphasised the opportunity for our meeting to jointly identify priority actions for national development. As the economy rebounds, the timing of our meeting is opportune to discuss priority measures and reforms, and to consider the respective role of Government, development partners and civil society. Ms Annette Dixon confirmed that "we share the same goal" of achieving results for the Cambodian people, particularly the poor and vulnerable. She identified the need to ensure that economic recovery addressed issues of equity, diversification and competitiveness, as well as enhanced social protection and sustainability. This implied a focus on effective institutions, coordination and resource management.

Excellency Chairman, Excellencies, Ladies and Gentlemen

5. The theme of our discussions for the last two days has been the "Implementation of the Rectangular Strategy Phase II" and, in particular, on how the NSDP Update can be made operational to support the goals of the Fourth Legislature of the Royal Government. I believe our discussion has identified a significant number of issues that require our vigilance and determined action.

Excellency Chairman, Excellencies, Ladies and Gentlemen

6. The first session of our Forum started with a presentation by the Ministry of Planning on the NSDP Update and the Cambodian Millennium Development Goals (CMDGs). We heard that many of the Cambodia Millennium Development Goals have made good progress, including achievements in reduction of child mortality; improved enrolment and admission rates in schools; access to HIV treatment; and access to water supply.
7. But more needs to be done in order to secure the desired progress on Goals relating to acute malnutrition, through addressing cross-cutting issues such as food security in the context of the Health Sector Plan. Continued efforts would also be made in primary education, maternal mortality, and environmental sustainability, including rural sanitation and water, as follows:
  - The prohibition of the marketing of breast milk substitutes will be enforced. The Social Health Protection Master Plan, which includes Health Equity Fund arrangements to ensure access to quality health services, together with the fast-tracking of maternal health interventions, will be taken forward and monitored through the work of the Health TWG.
  - In education, the TWG must support efforts to reduce repetition and dropout rates, introduce Early Childhood Development interventions, provide more trained teachers and to accelerate construction of lower-secondary schools that will promote continuation to secondary education;

- The forthcoming Rural Water Supply and Sanitation Strategy will provide a framework for aligning all resources. Related issues of infrastructure, public sanitation education and the role of sub-national entities will be discussed in the TWG, together with the Strategy's financing.
8. We identified three further principal areas of consensus in which further action is required:
- finalising the NSDP indicators and Monitoring Framework, which will be taken up by the TWG on Planning and Poverty Reduction, to be completed by June 2011;
  - harmonising the strategic planning, budgeting and aid management exercises around the PFM reform, including the production by the Inter-Ministerial Committee of a study on options for integration by the end of 2010. The Financial Management Information System (FMIS) roll-out in 2011 will standardise domestic and external resource coding in the Budget; and
  - consistently applying the core reforms to support NSDP implementation, which the Royal Government suggests should be included in our future GDCC discussions.
9. Our next session turned to the issue of macroeconomic management, public financial management, and the role of the private sector:
- The commitment to a stable and prudent macroeconomic policy is well established, although this will still mean that dialogue is required to identify and make choices. The use of tax exemptions and other arrangements to attract foreign investment was flagged as one such area for future dialogue. Another was the recording of extractive industry revenues in the annual Budget and monthly TOFE reports. We saw that revenue recording is now being operationalised and will be further institutionalised, including through improved use of the budget classification system and ultimately through the roll-out of the FMIS. In the interim, the EITI working group established under the auspices of the PFM TWG is mandated to provide a forum for further dialogue.
  - I believe the JMI associated with the PFM reform – which relates to revenue policy and administration, preparation for FMIS implementation, debt management, and the deconcentration of financial accountability functions – provides an appropriate framework for coordination and results-based dialogue across the whole of Government and between the Government and its development partners.
  - The private sector must be nurtured as the driver of growth and the creator of jobs. Government policy will focus on consolidating the existing private sector base while creating the enabling conditions, the human capital and the infrastructure for emerging industries. Government confirmed the importance of vocational training and technical education. We discussed the importance of the Special Economic Zones and the role of development partners in supporting them with both direct and indirect support. Further efforts to simplify and streamline trade processes have been flagged as a priority: the ASYCUDA has been rolled out, Customs and Excise hold regular consultations with the private sector and Samdech Prime Minister has instructed that licensing arrangements for SMEs are to be reviewed and streamlined. The Government-Private Sector Forum has been highlighted internationally as a best practice and has the full confidence of the Royal Government in taking this work forward.

Excellency Chairman, Excellencies, Ladies and Gentlemen

10. Our focus then turned to agricultural productivity and diversification, issues that are important to the economy at large as well as to the livelihoods of millions of Cambodians. Priorities are perhaps largely unchanged from previous years, but they have now been codified into strategies for implementation, which will facilitate the coordination of resources and the

monitoring of results. The four main priority areas identified by both the Royal Government and development partners include: rural infrastructure; marketing and finance systems; expanding research and extension services; focusing on agri-business, diversification and trade; and ensuring transparent access to productive assets. Budgetary constraints have, in the past, precluded increasing Government expenditure on priorities such as irrigation, research and extension and the TWG was therefore requested to consider how these activities can be scaled-up to support the Strategy for Agriculture and Water.

11. Government has re-confirmed its intention to manage State resources, including Economic Land Concessions, in a transparent, socially and environmentally sustainable manner. Accelerated efforts to implement the 2001 Land Law to secure and protect smallholder land tenure and indigenous land rights is of particular importance. A Government white paper, providing a roadmap for land reform, was drafted by the Council for Land Policy in December 2009 and is awaiting approval. Senior Minister **Im Chhun Lim** of the Ministry of Land Management, Urban Planning and Construction also detailed the preparations being made to register land for seven indigenous communities.
12. The Strategy on Agriculture and Water provides a clear policy framework for ensuring coherent leadership and a robust response but the coordination challenge is at the heart of securing results. The development of a Roadmap will therefore ensure coordination between the Ministry of Economy and Finance, MAFF and MoWRAM in order to identify resource requirements.
13. In the session on Social Protection, an outline of the new National Social Protection Strategy was provided, showing how the Strategy will contribute to the reduction of chronic poverty, help the poor to cope with shocks, promote human capital, improve productivity and promote sustainable economic growth. Implementation of the Strategy will require scaling up of existing interventions, design of institutional arrangements and the introduction of new programmes to cover existing gaps. CARD is mandated to establish an interim coordination unit which will examine ways to establish well-resourced institutional capacities and systems. The NSDP's resourcing profile has identified the Strategy as a priority programme of the Royal Government. Over the next six months CARD will produce a costed action plan toward strengthening institutions and capacities, and will also prepare a costing of the National Social Protection Strategy.

Excellency Chairman, Excellencies, Ladies and Gentlemen

14. As we turned to our next session on sub-national democratic development, we began to observe a common thread emerging in our dialogue. This concerned the complex and cross-cutting nature of all policy implementation and results monitoring. We were honoured by the presence of Deputy Prime Minister **Sar Kheng** for this session. We agreed that this reform is not only "whole of Government", it is also "all of development partner". As the three-year Implementation Plan is developed, we need to ensure to all stakeholders that resources are provided, managed and programmed in a coherent way as this first period in the 10-year National Programme will set the tone and will establish the working practices for the remainder of the Programme's lifetime. We therefore considered the task of completing the Sub-National Finance Law to provide for adequate and preferably discretionary predictable funding for sub-national authorities, as well as the redeployment of personnel. We were informed by Deputy Prime Minister **Sar Kheng** that dialogue is on-going with the Ministry of Economy and Finance on arrangements for the new Sub-National Finance Law and a new sub-Decree will guide the redeployment of personnel.
15. The stakes are very high, not only for those currently involved in decentralisation, but also for the line ministries and their partners who will soon be called on to adapt to these new working arrangements. This session therefore highlighted the importance of the National Committee for Democratic Development (NCDD) in providing leadership and direction in determining

procedures, developing capacities and then supporting compliance in implementation across sectors. It brought into sharp focus the need for a coordinated approach to the sub-national democratic development, public financial management and public administration reforms, which requires continued attention from the NCDD as well as in all TWGs.

16. Our discussion on the Royal Government's reform programmes concluded with an address by Deputy Prime Minister **Sok An**, for which we are very grateful. Deputy Prime Minister **Sok An** emphasised that good governance and the Rule of Law are at the heart of the Royal Government's Rectangular Strategy and reported progress on respective reforms:
  - On anti-corruption, the Law on Anti-Corruption was promulgated. The mechanisms, resources and personnel to implement these laws are now being put in place.
  - Legal and judicial reform: The Civil Code, Civil Procedures Code, Penal Code and the Penal Procedures Codes have been promulgated. Priority is still being placed on further strengthening of the legal framework, including finalization of the remaining laws such as law on the organization of the court, the law on the statute of judges and prosecutors, and the law on the organization and functioning of the Supreme Council of the Magistracy. There will be additional consideration of the administrative and administrative procedures code.
  - On administrative reform, steps have been taken to ensure transparency in the provision of public services including the publication of a compendium on public services. Samdech Prime Minister confirmed the Royal Government's commitment to "deep reform of the pay system". The Priority Operating Costs instrument as a temporary mechanism will be finalised by the end of this month and reviewed ahead of the next CDCF in the context of a broader review on progress achieved in the public administrative reform. Modalities will be finalized as part of the guide and appropriate document if necessary. Longer-term reform to compensation – which proceeds on a "parallel track" – will need to be appropriately sequenced and will be informed by resource availability and the principle of sustainability. The need to remain focused on longer-term efforts to maintain and strengthen public service capacity was agreed by all participants at this meeting. In this way we can "Serve People Better".

Excellency Chairman, Excellencies, Ladies and Gentlemen

17. The discussions on aid effectiveness considered the role of the National Assembly. We discussed current arrangements for Budget approval and oversight and agreed that these practices must be the basis for addressing external resource management issues. Government agencies, including CDC, will respond positively to any requests from the National Assembly for support or for information. Development assistance may also play a role in developing capacity for the oversight function across Government. Our discussion also considered the management of the core reforms, the use of national systems, harmonisation of planning and budgeting arrangements across Government, and more coherent development partner support as an important focus for our attention. The increased use of programme-based approaches provides a response to managing multiple development partners but also to engaging across the whole of Government, as well as working with civil society. A forthcoming Concept Note will support a common understanding on how a PBA can be applied in the Cambodia context and how they will be used to strengthen results-based partnerships. It will also provide a practical framework for addressing capacity development priorities, including the role of technical cooperation in strengthening national systems.
18. The Partnership and Harmonisation TWG will take forward a review of the TWG and GDCC mechanisms, including to explore the role and potential of civil society organizations, and to provide recommendations on how dialogue can be more effective in areas related to the JMIs as well as with respect to those issues that fall outside of this monitoring framework.

Recommendations will be presented to the GDCC for discussion and will feed into the revision of the aid management policy framework that will be undertaken after the 2011 High-level Forum on Aid Effectiveness.

19. In each of these areas, the Joint Monitoring Indicators provide an increasingly results-based framework to assess progress and to be accountable for results. The endorsement of the JMIs highlights the consensus we have reached through dialogue, which bodes well for implementation. But we also agreed that the GDCC needs to play an increased role in JMI monitoring, balancing the need for technical and higher-level dialogue, and recognising the need for realism in the number of activities that can be monitored in a meaningful way. Efforts to further strengthen the GDCC will be taken forward by CDC with the support of the Partnership and Harmonisation TWG.

Excellency Chairman, Excellencies, Ladies and Gentlemen

20. Our final session was to review the Multi-Year Indicative Financing Framework. This framework has provided a useful tool for informing the planning and budgeting process at both central and sectoral levels and it has contributed to the promotion of more predictable external financing. We have received indications of support from all major development partners. I echo the remarks made earlier by the Chair and reiterate the sincere appreciation of the Royal Government for the commitments made, totaling more than one billion US Dollars in 2010 and with positive indications of support to the NSDP of a similar magnitude for 2011 and 2012. These sums make a very significant contribution to financing the NSDP, its sector programmes and associated reforms. The Royal Government assures development partners that these funds will be well managed under the leadership of the Royal Government to ensure they contribute to the expected results in an accountable manner.

Excellency Chairman, Excellencies, Ladies and Gentlemen

21. I trust that I have adequately summarised the main areas of consensus while also highlighting where we must maintain vigilance and commitment. Please allow me to provide three short insights based on these summary remarks.
22. First, there is a significant common ground in which our partnership can directly move forward. The NSDP is the basis for our consensus, together with the Cambodia Millennium Development Goals and their monitoring framework. Our meeting over the last two days has demonstrated that, if we stay engaged and take a long view, there is significant potential for our partnership to address differences and to emerge stronger as a result.
23. Second, the over-arching theme of our meeting has been coordination. This theme has come out strongly in almost all of our sessions. To support implementation, the Royal Government, in coordination and partnership with the respective Technical Working Groups, is therefore committed to taking forward each of the actions that have been identified in this Joint Summary. Ensuring that the reform programmes of the Royal Government are implemented in a complementary manner and applied consistently across line ministries and at sub-national level is critical to their success. As both Deputy Prime Ministers **Sok An** and **Sar Kheng** elaborated in their presentations, we need to ensure a "whole of Government" approach. Through their presence and comments at this meeting, the commitment at the highest levels of Government to ensuring this level of cooperation and coordination is assured.
24. Finally, I return to the main theme of our meeting: NSDP implementation and the use of the Updated Plan. I believe the Royal Government has demonstrated a clear commitment to the objectives detailed in the NSDP. At senior leadership level as well as at technical level; across all sectors and major reform areas, this commitment is demonstrated not simply in plans and good intentions, but, rather, in a strong track record of delivering results. Equally, we have heard from our development partners that there is willingness to work with Government based

on the principles of partnership and mutual accountability for results. I am therefore confident that we can deliver on the objectives of the NSDP in an accountable and efficient manner that will deliver results.

Excellency Chairman, Excellencies, Ladies and Gentlemen

25. I must also express my sincere gratitude to colleagues in the Royal Government, in particular to Deputy Prime Minister **Keat Chhon** for his leadership in presiding over this meeting. And also to Deputy Prime Minister **Sok An** and Deputy Prime Minister **Sar Kheng**, as well as to the Senior Ministers and Ministers, and other Government colleagues who made presentations and contributed to our discussions. I would also like to thank Ambassadors, heads of agencies, civil society organisation representatives and private sector representatives for their supportive contributions.
26. Please allow me to pause here and hand over to Excellency Chair Deputy Prime Minister Keat Chhon.

Thank you