Statement of the local EU Presidency, on behalf of local representatives the European Union, at the Consultative Group Meeting on Cambodia

Phnom Penh, December 6-7, 2004

The European Union continues to be strongly committed to the Kingdom of Cambodia, and stands ready to continue to support the Cambodian people in their development efforts. The European Union is made up of 25 countries working closely together through the EU Institutions and National development agencies for peace and prosperity in Europe and in the World. It is an unique entity built on an unwavering commitment to human rights and democracy in the world.

The European Union is among the main contributors to Cambodia's development, as emphasised by the important amount of Official Development Assistance provided annually. With the overarching objective of reducing poverty, EU ODA mainly targets rural development, education, health and governance. Human and financial resources are also directed to other sectors, such as de-mining, natural resource management (NRM), economic development and human rights.

In 2003, the European Union ODA to Cambodia amounted to € 110 Million (equal to more than 130 Million USD). In 2004, € 113 Million (equal to 150 Million USD) is planned to be disbursed. For 2005, the European Union estimates its likely disbursements at approximately € 130 Million, corresponding to more than 170 Million USD.

The European Union welcomes this opportunity to endorse the statements presented by the donor representatives, on behalf of all Development Partners, during the Consultative Meeting on Cambodia (December 6-7, 2004). The European Union Member State Embassies and Co-operation Agencies, together with the European Commission Delegation, have actively participated in the collective preparation of these statements, which reflect the shared commitment of the Development Partners to align themselves in their common support for the Government's reform programme. This is considered as a prerequisite for engaging the Royal Government of Cambodia in an open and fruitful dialogue on the reform process that is being implemented.

The European Union welcomes the adoption by the Royal Government of Cambodia of the "Rectangular Strategy", which introduces Good Governance as the back bone for the development of the Country. In this context, we urge the Royal Government of Cambodia to address with determination the prevailing state of widespread impunity in the country and the need for continued reform of the judicial system. In the next months and years, the Royal Government of Cambodia will be called to deliver concrete results in achieving the goals set in its own political platform. The European Union will follow this process closely and is ready to support it. Improvements in the legal and judicial system, implementation of public administration reform and a systematic fight against corruption will contribute both to the protection of human rights and to the reduction of poverty.

The European Union is also convinced that the Rectangular Strategy must address comprehensively the over-arching issue of sustainable poverty reduction. Urgent policy actions are needed to attract Foreign Direct Investment, in order to create new employment opportunities that will contribute to reducing poverty and that will prevent the deterioration of the social climate. The European Union will support Government efforts aimed at fighting corruption and respecting Cambodia's international obligations, including those arising from WTO membership. Sustainable and effective poverty reduction will only be possible if public services will be guaranteed on the basis of an improved system of revenue collection.

The particular European Union experience of promoting unity while maintaining diversity could be valuable to the on-going process of advancing stronger donor co-ordination and to strengthening the dialogue with the Royal Government of Cambodia. The European Union Member States and European Commission work together on an ongoing basis to co-ordinate their efforts in Cambodia towards the achievement of their common objectives. They are also contributing to the endeavour of improving donor co-ordination and harmonisation of donor procedures.

The European Union welcomes the spirit of constructive engagement that has marked the Government-Donor consultation since the preparation of the last pre-CG Meeting and is committed to continuing this approach. In particular, the European Union commends the Royal Government of Cambodia for the decision to draft a single National Strategic Development Plan (2006-2010) that will incorporate the Socio-Economic Development Plan and the National Poverty Reduction Strategy, and will be guided by the Millennium Development Goals (MDGs). This process will reinforce the leadership role of the Royal Government of Cambodia in co-ordinating development assistance.

In this context, the European Union also commends the Royal Government of Cambodia for the actions taken to implement the 2003 Rome Declaration on Harmonisation and Alignment.

Moreover, the European Union welcomes the new structure for coordination and consultation between the Royal Government of Cambodia and the Development Partners, including the Technical Working Groups and the Government-Donor Co-ordination Committee. Indeed, the European Union Member States and the European Commission have been deeply involved in the process that led to the setting up of the new co-ordination mechanism and they are committed to continue their support in order to optimise the use of Official Development Assistance and to reduce the Government's transaction costs. This system will strengthen government leadership and ownership. It is an important step towards harmonising and streamlining donor procedures and should guarantee better results in terms of capacity development.

The European Union strongly believes, together with other Development Partners, that an alignment of donors on common issues can be the most effective way to assist the Royal Government of Cambodia in further defining and implementing its reform agenda. This methodology should also be more conducive to the preparation of Sector Programmes that could be supported with a SWAp methodology, in the spirit of enhancing ODA effectiveness.