Kingdom of Cambodia
Nation Religion King

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Colleagues from the Royal government Distinguished Representatives from the Donor Community Ladies and Gentlemen,

1. I would like to begin by reaffirming the Royal Government's commitment to continue to vigorously implement its reforms agenda. The alleviation of poverty among Cambodia's population through economic progress and social development remains the highest priority of the Royal Government. The Royal Government has made significant progress in each priority area for which benchmarks for monitoring progress were agreed at the last CG Meeting -- in spite of the many challenges resulting from delays in the formation of the new Government. The Royal Government's position paper entitled, "Implementing the Rectangular Strategy and Development Assistance Needs" presents details of the progress that has been made on each benchmark in section 2.1 on pages 5 to 16. All of these efforts have been focused on reducing poverty and achieving the development goals of Cambodia. However, as in any human undertaking, the Royal Government's efforts and achievements have not been exempt from insufficiency of actions and weaknesses.

2. This is the first CG Meeting following the formation of the new Royal Government of the Third Legislature of the National assembly. The development vision of the Royal Government of Cambodia is to have a socially cohesive, educationally advanced and culturally vibrant Cambodia without poverty, illiteracy and disease. The "Rectangular Strategy" of the Royal Government of the Third Legislature of the National Assembly is designed to

achieve this Vision. It is aimed at promoting economic growth, generating employment for Cambodian workers, ensuring equity and social justice, and enhancing efficiency of the public sector through the implementation of the Governance Action Plan and in-depth reforms that are coordinated and consistent across all levels and sectors. The implementation of these strategies and policies will be achieved through a focused and prioritized Public Investment Program (PIP) which is one important instrument to implement these strategies and policies. The PIP is designed within the framework of a three-year rolling plan to capture priority proposals and needs on an on-going basis. The programs and projects that constitute our public investment program will be financed both from the National Budget and with the assistance of our external development partners.

3. At the previous six CG Meetings for Cambodia, the Royal Government had worked hard to keep resource mobilization targets for external assistance at around US$500 million per annum to cover on-going and new projects. Because of the large number of high priority needs identified by the ministries it has not been possible to contain the mobilization target within this limit. I am pleased to report that even though in 2003 a CG Meeting was not held, the data provided by our development partners shows that they had disbursed around 546 million US$ in 2003.

4. The total cost of the Government's planned development programs, both on-going and new programs, over the next three years (2005-2007) is estimated to be around US $ 1,937.6 million. The Royal Government of Cambodia has committed from its own resources US $ 290.4 million for these development programs. After adjustments for estimated Government contribution (US$ 290.4 million), and taking into consideration the requirements for budget support (US$ 150 million), and balance of payments support/standby-facility from IMF (US$ 66 million); ***the total requirements for external assistance over the next three years amount to US$ 1,863.2 million that averages to US$ 621.1 million per annum.*** I would like to note that three-quarter of the planned expenditure is focused on capacity building, human resources development, and the rehabilitation and reconstruction of physical infrastructure.

5. I am pleased to report that some of our external development partners have already committed to provide around 1,063 million US$ and I would like to take this opportunity to thank them for their continuing support. To mobilize

resources for implementing the PIP over the next three years (2005-2007), the Royal Government is seeking from our traditional multi and bi-lateral development partners assistance in the amount of around 500 million US$ per year over the next three years as ODA — **the same amount requested as at the previous CG Meetings.** This figure is consistent with the average amount that was pledged by our traditional development partners during previous CG meetings.

6. The RGC sincerely appreciate the contributions of **other bilateral donors** who normally do not make the pledges during the CG meetings, but in fact, have been providing **significant assistance** in supporting the reconstruction of the physical infrastructure and social sector development. The Royal Government hopes that these very important development partners will continue their support for Cambodia's development.

7. The Royal Government is encouraging greater participation of the private sector partners in financing the construction of physical infrastructure through PPI arrangements. The Royal Government continues to further improve investment climate by strengthening the implementation of the PPI policy and to legislate (légiférer) the laws and regulations on PPI. The strengthened mechanisms enables the private sector partners to participate actively in the construction of physical infrastructure in high priority areas, such as transport, power, telecommunication sectors, irrigation and water supply,. The Royal Government is giving a high priority to strengthening public-private sector partnerships to bring a greater coherence to public-private sector investments. Such an approach ensures the participation of the private sector in the implementation of the Royal Government's Public Investment Program (PIP).

8. The NGOs have also been important contributors to the socio-economic development of Cambodia, especially in addressing the social needs of our people. We always welcome their continued supports.

Thank you.