Kingdom of Cambodia
Nation Religion King

Welcome Remarks
by Sr. Minister Mr. KEAT CHHON, M.P.
Minister of Economy and Finance
First Vice-Chairman, Council for the Development of Cambodia
7th Consultative Group Meeting for Cambodia
Phnom Penh, Cambodia, 6-7 December 2004

Respected Prime Minister Samdech ***Hun Sen,***
Colleagues from the Government,
Distinguished Representative of Development Partners from Donor Community

1. It is an honour and a great pleasure for me to welcome today both members of the Royal Government of the 3rd legislature of the National Assembly and the Donor Community to meet again at this marvelous *Palais du Gouvernement* for the 7th Consultative Group Meeting, following the successful Pre-CG meeting held on 10 September 2004. On behalf of all participants, I would like to convey our sincere gratitude to Samdech **Hun Sen** for presiding over the opening session of this important meeting and providing relevant recommendations for both government and development partners. Samdech Prime Minister, please allow me to warmly welcome all of our national and international partners to the 7th Consultative Group Meeting for Cambodia.

2. This is the second CG meeting that is hosted by the Royal Government and is being held in Cambodia. It is also the first CG Meeting under the Third Legislature of the Royal Government. For us it is an affirmation of the immense progress we have made in securing peace and security, notably since 1999. The successful conduct of the commune elections in early 2002, the general elections in July 2003 and the formation of the new coalition government have demonstrated the will and commitment of the public authorities to comply with democratic principles and to ensure that people have the freedom to choose their representatives in the political sphere of the nation.

3. Over the past five years, especially since the sixth CG meeting in June 2002, the Royal Government has worked hard to fulfill its commitments made with the Donor Community. We have made significant progress in implementing pro-poor development policies, achieving macroeconomic stability, implementing public finance management reforms, strengthening democracy, rule of law and good governance, mobilizing technical and financial resources to support planned developments, and improving the delivery of public services to meet the needs and expectations of the population. All of these efforts have been focused on reducing poverty and achieving the development goals of Cambodia. We recognize that while the Royal Government has had many significant achievements, there are many challenges facing us. For the Royal Government, the most formidable development challenge is the reduction of poverty and improving the livelihoods and quality of life of a rapidly growing Cambodian population. The Royal Government considers poverty to be a waste of valuable economic resource, which is not only morally unacceptable but can also result in social polarization and instability.

4. The Rectangular Strategy is the economic policy agenda of the Third Legislature of the Royal Government that will be implemented to reduce poverty and to move forward in achieving Cambodia's Millennium Development Goals. The aim of the Rectangular Strategy is to promote economic growth, generate employment for Cambodian workers, ensure equity and social justice, and enhance 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 Royal Government recognizes that we still have a long way to go, and have to overcome numerous obstacles to achieve long-term progress and prosperity for the country and our people. Thus, the promotion of the harmonized efforts of the Cambodian people in poverty reduction will continue to be an important objective of the Royal Government during the Third Legislature of the National Assembly.

5. Although a Consultative Group meeting was not held in 2003 we are encouraged by the fact that our Development Partners had continued to disburse their assistance. I would like to express the Royal Government's appreciation for your continuing generous support that according to the preliminary estimates prepared by CDC was around US$ 545 million in 2003. I would like to assure you that the Royal Government led by Samdech Prime

Minister **Hun Sen** remains committed to implementing our reforms agenda through the Rectangular Strategy and to improve the effectiveness of ODA to reduce poverty and to maximize ODA benefits for our people.

6. Improving aid effectiveness has been a topic that has received a lot of attention in the international arena over the last two years. In Cambodia, we have taken concrete steps to move ahead. The ad hoc working groups under the CG mechanism that have existed since 1999 have been restructured into 17 joint technical working groups to bring about a fundamental change in the institutional set up for planning, managing and monitoring progress on the implementation of development assistance. The preparation of Cambodia's action plan on harmonization and alignment to implement the Rome Declaration's commitments is another important step. I would like to request permission from Samdech Prime Minister **Hun Sen** to highly commend ***H.E. Chhieng Yanara*** for his hard work in his capacity as the chairman of the Government-Donor Partnership Working Group, in preparing this action plan on harmonization and alignment in collaboration with national and international partners. The action plan has been approved by the Cabinet at its meeting on 19 November 2004 and 12 development partners have signed the partnership agreement with the Government on 2 December 2004 to support the implementation of this action plan. I also would like to congratulate H.E. Chhieng Yanara and his colleagues for the preparation of the Government's documents and distributed on time to our development partners and for good logistic arrangement for the CG meeting.

7. The purpose of this CG Meeting is two fold. First, to arrive at a consensus on the best course of action to achieve sustainable socioeconomic development and to speed up the implementation of the reforms agenda in order to reduce poverty; and second to seek the support of our development partners in mobilizing resources for implementing the Rectangular Strategy of the Third Legislature of the Royal Government.

8. The achievements that we have made are due to the strong commitment of the Royal Government of Cambodia under the leadership the Prime Minister Samdech **Hun Sen**. It is an honor for me to request the Prime Minister to deliver his keynote address.

Thank you.