

**Consultative Group Meeting with the Royal Government of Cambodia
2 - 3 March, 2006**

NATIONAL STRATEGIC DEVELOPMENT PLAN, 2006 - 2010

**STATEMENT BY THE ASIAN DEVELOPMENT BANK
ON BEHALF OF DONORS**

Excellencies,
Ladies and gentlemen,

On behalf of the donor community, it is a pleasure for me today to share with you a few remarks on the National Strategic Development Plan. Let me begin by expressing our appreciation of the lead taken by the Ministry of Planning in the process of preparing the NSDP, and thank them and all the government ministries and agencies, as well other development partners and civil society for their close collaboration and involvement in the formulation process.

We would also like to congratulate the government on the overall approach to the NSDP. Instead of preparing multiple visioning and planning documents, as in the past, the Rectangular Strategy and the NSDP are closely linked and follow a unified approach to development: the Rectangular Strategy is a development vision for the country which the NSDP seeks to operationalize through providing a road map, prioritization and resource requirements. As it says, NSDP is a single overarching document containing the Royal Government of Cambodia's priority goals and strategies to reduce poverty for all Cambodians.

The next stage is to implement the NSDP. This places obligations on the development partners, as well as on the government. As Cambodia's development partners, we have understood the very emphatic message of the NSDP to respect country leadership and ownership of the development process and to align our assistance with the priorities and projects of the NSDP. We would like to assure the government that following the Paris Declaration on Aid Effectiveness, we are all committed to this goal. As the NSDP recognizes, it may take some time for some of us to make such a transition.

On the side of the government, permit me to make four suggestions. First, as we move to realign our assistance, we also urge the government to increase its resource mobilization efforts. As pointed out by the IMF, there are several areas where revenue generation can be improved. The best indicator of ownership of the development process is to finance an increasing part of it with internal resources. Second, the NSDP leaves many sector and sub-sector plans and projects to be developed in detail through line Ministries. We very much hope that this will be done quickly, with the full involvement of the Technical Working Groups where they exist for the relevant area. It would be useful to set some time-line for this objective. Third, we hope that these specific plans will take account of the findings of the recently released poverty assessment of the World Bank and the guidance of the Prime Minister at the launch of that assessment. Effective poverty reduction must focus on rural livelihoods and reduce inequality. As the detailed plans for NSDP are developed and implemented, the focus needs to be on diversifying the sources of growth, accelerating better land management, rural infrastructure development, and investment in basic human development. Finally,

we urge the government to quickly establish a monitoring and evaluation mechanism to ensure that NSDP implementation proceeds along the intended path at the required pace. The Technical Working Group for Planning and Poverty Reduction should be at the center of such a mechanism.

We also appreciate the realistic approach to resource planning in the PIP, and the fact that the inter-sectoral allocation of resources is broadly aligned with the priorities of the NSDP. We, however, note that during the first three years of the NSDP, the attention of RGC will be almost entirely on completing the ongoing pipeline put in place during earlier plans. In view of the large funding requirement of the pre-2006 projects, it would be useful to review these projects and make appropriate mid-course corrections to the extent possible to ensure that they adhere to NSDP priorities.

Finally, and as an introduction to the next session, I would like to point out that the NSDP contains very clear commitments in respect of actions to be taken in many areas of reform. The JMI's have taken up the key commitments of the NSDP that we jointly consider as important priority items. This will enable us all to focus on what needs to be done in 2006.

On behalf of the donor community, and on behalf of the ADB, may I once again congratulate the government on the preparation of a clear and comprehensive NSDP and reiterate our commitment to working together with all stakeholders to successfully implement it and reduce poverty in Cambodia.