

EU Pledging Statement for the Consultative Group Meeting, Phnom Penh, 2/3 March 2006

The rotating Presidency of the European Union is currently held in Cambodia by Germany (on behalf of Austria). Holding the Presidency, I speak today on behalf of the 25 European Union Member States, as well as the European Commission. As one of Cambodia's biggest development partners in terms of grant aid and one of its most important trading partners, the European Union (EU) welcomes Cambodia's achievements and the progress made in the past year. To underline our continued commitment to support progress in rural development, education, health, economic development, governance and human rights, as well as de-mining in Cambodia, the European Union, (the EU Member States and the European Commission), will deliver a collective contribution in 2006 of over €137 million, or almost US\$ 164 million.

2005 was an important year for the European Union as a global development partner, as it saw the adoption of the European Consensus on Development, a document that is based on the Paris Declaration on Aid Effectiveness, and that sets out the vision and ambition of the European Union for the coming years. This vision is shared by all 25 of the EU Member States and the European Commission in our development policy. The EU, already the provider of more than half of the world's aid funding, has committed itself to raising its total development cooperation funding to 0.7% of Gross National Income by 2015, and has called on all development partners to follow this lead. Along with this commitment to increased quantity is a commitment to increased quality, hinging on the 'Paris Principles' of national ownership, donor coordination, harmonisation, alignment, result orientation and mutual accountability.

The EU will continue to prioritise support to least-developed countries, while recognising the value of concentrating the aid activities of each EU partner in those thematic and regional areas where they have a comparative advantage. The European Consensus on Development makes poverty alleviation the primary aim of EU development policy and commits the EU to achieving synergy between all of its external action policies and objectives. It also underlines the importance of balancing three basic objectives: firstly, investing in human development, covering health and education; secondly promoting the sustainable use of natural resources; and thirdly investing in private sector development. All three issues are of key importance in Cambodia and the European Union is pro-actively supporting the Royal Government of Cambodia in addressing them.

The EU played an active role in March 2005 in brokering agreement among OECD/DAC members on the Paris Declaration. As we know, this document, commits all of us to adopting

practical principles to make aid delivery more efficient and effective, and to monitoring each others' progress. The Royal Government and donors present here today are signatories to that Declaration. EU partners in Cambodia are already preparing a Road Map for EU donors' harmonisation and alignment, to ensure delivery of our commitments and to strengthen our collective contribution to the ongoing harmonisation and alignment process in this country.

The EU will continue to support Cambodia's efforts to reach its Millennium Development Goals. Recent stocktaking on the CMDGs shows that, with regard to the CMDGs, there's good news and bad. There has been remarkable progress in urban and pen-urban areas, but extreme poverty persists in rural areas. Rising inequality in Cambodia is of concern, and clearly indicates that growth needs to extend to the small-scale agricultural sector to achieve greater pro-poor growth.

The EU also participated actively in the consultations on the draft National Strategic Development Plan, a key document that is a welcome follow-up to the Rectangular Strategy. Governance has rightly been put at the centre of the NSDP, as it was in the Rectangular Strategy. In this context EU partners, in line with all other donors, very much urge the Government to present a draft law on anti-corruption that fully meets international standards, and is situated firmly within a reformed and independent Legal and Judicial system. Legal and judicial reform, as well as newly introduced regulations in the field of natural resources management, should put an end to the widespread practice of landgrabbing. A robust Rule of Law is essential to underpin the protection of human rights, build confidence, promote growth and development and attract foreign investment.

The EU welcomes the fact that the Royal Government of Cambodia is taking the lead in operationalising its development strategy, in what for donors is an important sign of ownership. EU partners will align behind the NSDP and actively support its implementation. We reconfirm to do this in the structure of Technical Working Groups and the quarterly Government-Donor dialogue.

Finally, the EU warmly welcomes the improved dialogue between the government and its political partners. We hope that this represents a lasting shift from confrontation to informed engagement, as a step forward in creating a political culture with constructive criticism as a legitimate element. Understanding among all parties of the importance of constructive democratic engagement, supported by an independent media and transparent access to information, is vital to continued development. The interest of the Cambodian people needs to be centre stage for all development partners, national and international, governmental and non-governmental.