

**CAMBODIA****AUN PORN MONIROTH, Head of Delegation**

Allow me to joint other member countries in thanking our host, the Government of the Republic of Turkey, and especially the authority and people of Istanbul, for their warm hospitality extended to us during our stay in this beautiful and culturally rich city. I would like also to express our sincere gratitude to the Management and staff of ADB for the excellent arrangements made for this meeting.

Let me take this opportunity to congratulate H.E Mr. Haruhiko Kuroda for having been unanimously elected as President of the ADB. Meanwhile, I also wish to express our sincere gratitude to the former ADB President, Mr. Tadao Chino for his strong commitment and significant contribution to the Bank's wide-ranging reform and to the improved service delivery for member countries during his term at the Bank. I wish him well in his new mission.

Allow me also to take this opportunity to express our deep condolences to the member countries that suffer the loss of lives and assets, caused by recent tsunami. On the other hand, I praise the Bank for its effective and efficient response to the disaster.

We agree with President Kuroda that Asia is living in the new era of development given its current role and weight in the global economy, and that there is a real potential for the region to achieve higher level of development effectiveness and to meet the MDGs. This dynamism suggests that the ADB as the regional development bank must also change to cope with the regional transformation. We therefore strongly support the President's commitment to respond to these challenges by focusing mainly on three key areas: more responsive and client-oriented; catalyst role for greater regional economic integration; and streamlining procedures, reducing bureaucracy and improving the range of financial instruments to ensure meeting the priority needs of member countries.

We thank ADB for endorsing Country Strategy and Program 2005-2009 for Cambodia, which was prepared by aligning with the Government Rectangular Strategy and with the broad participation of all stakeholders. In this respect, we appreciate the Bank for recognizing the country's ownership in this CSP formulation exercise. We most welcome the introduction of grant financing for poorer and post-conflict countries under ADF IX that will, of course, help in debt burden relief and provide strong leverage and encouragement for policy reform and governance improvement in those countries. At the same time, we are of view that the current PBA system at the Bank is reasonable and well-balanced enough and let us keep it working for a few years without frequent changes. We endorse the Bank's approach in adopting and applying CPIA principles and framework of the World Bank, but conducting the exercise independently. We also believe that the private sector window of the Bank should expand and strengthen to cope with the needs and challenges of the region and of the Bank as a broad-based development institution.

We welcome and congratulate the Bank for the establishment of the Office of Regional Economic Integration mandated to further enhance the Bank's role in promoting regional cooperation and integration which we believe is central to sustaining economic growth and reducing poverty in the region. In this connection, we highly appreciate the Bank for its catalyst and leading role in the GMS and for facilitating co-operations under ASEAN and ASEAN+3 frameworks.

Let me now turn to the development in Cambodia. Since its formation on 15 July, 2004, the Royal Government of Cambodia has launched the Rectangular Strategy for Growth, Employment, Equity and Efficiency. We are of clear view that we are accountable not just to our people but also to taxpayers of donor countries. From this perspective governance has been and continues to be the top item of our development agenda.

The Royal Government of Cambodia well understood that reform is a live-and-death issue and it is a day-to-day work for improving, enhancing, strengthening and expanding our capacity, capability, and potential in order to keep up with the development of society, economy, technology, and politics within the country, region and the world. Implementing reforms require not only political will, but also considerable human and financial resources. Cultural and political context has to be taken into account too.

We are pleased that our efforts have yielded encouraging results. In 2004 Cambodia's economic growth was 6 percent, driven by expanding tourism sector, garment exports, construction and oil exploration activities. Inflation averaged 3.9%, reflecting higher oil and food prices. The dollar/riels exchange rate depreciated by only 0.9 percent. The international foreign reserves continue to increase covering around 3 months of imports. Prudent fiscal and monetary policies contributed to the stability of the exchange rate.

The development in international trade in 2004 shows that exports increased by 23 percent. The imports also increased by 17 percent. The number of tourists visiting Cambodia in 2004 reached a 1 million mark, increasing by 50 percent. The construction activities increased by 30 percent, in which the house construction increased by 37 percent, apartment construction increased by 28 percent and other construction by 31 percent.

The macroeconomic outlook in the medium term appears to be stable, due to expansion of the tourism sector, continued growth in garment exports and oil and gas exploration, which ensures economic growth in 2005 within a range of 4 to 5 percent. Inflation is expected to remain below 5%.

To improve the outlook for future economic growth, which we believe is the prerequisite to poverty reduction, my Government has taken steps to broaden and strengthen bases of growth by diversifying the economy, with stronger focus on agriculture, enhancing governance and strengthening government capacity, improving trade and investment climate, reorienting capital outlays toward development of rural areas, and promoting agro-industry and small and medium-sized enterprises. In all these efforts, we believe that economic integration and international cooperation continue to be the main pillars supporting economic growth in Cambodia.

I would like to conclude by expressing once again our deep appreciation to the Board, Management and staff of the Bank for their hard work and impressive accomplishment in responding to the needs and challenges of the region and individual member countries, and especially for the support and assistance in the rehabilitation and development in Cambodia. We look forward to continued strong partnership with the Bank.

Thank you.