

Cambodia New Vision

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Samdech HUN SEN's Keynote Address to the Opening Ceremony of the National Conference on "Democracy, Good Governance and Transparency" (14 March 2000)



The national conference on "Democracy, Good Governance and Transparency in the ASEAN Context" is organized at the time when many institutions of the Royal Government of Cambodia (RGC) has been actively implementing various reform programs with a view to strengthening democracy and the rule of law and promoting the respect of human rights, as well as maintaining sustainable economic growth, and through this, gradually upgrading the living standards and well-being of the Cambodian people. First of all, on behalf of the RGC and myself, I wish to deeply thank the Office of the Council of Ministers, Konrad Adenauer Foundation (KAF) and ADB for organizing this important conference.

In today's presentation, I will not get into the substantive details of this very large and important topic, which will be extensively discussed by this conference. A single person will not be able to provide thorough elaboration on this topic. This conference provides me with the auspicious and valuable opportunity to share with all of you here some ideas in respect of the main concepts of the conference. I wish to illustrate them within the context of the government's reform programs and highlight the importance and key role

played by the RGC in the promotion of democracy and good governance to attain its ultimate strategic objectives for poverty alleviation and long-term sustainable development with equity.

Democracy is not an entirely new phenomenon for Cambodia, as we had accepted democracy in the early 1940s and exercised our democratic rights in 1947, when the Kingdom of Cambodia had adopted for the first time in our history the political regime of constitutional monarchy. A number of politicians, however, under the pretext of political games had used democracy to conceal their dark schemes and plunged the country into a quagmire. After the military coup d'Etat of 18th March 1970, Cambodia was engulfed in the flame of wars and untold destruction, which had protracted for more than two decades, engineered by politicians for the sake of democratic games. The victory of Pol Pot's revolution on 17 April 1975 was attained under the brand name of "Democracy". Cambodia was then called "Democratic Kampuchea", but the regime had wrecked havoc to Cambodia to the extent never seen before. This sort of "democracy" resulted in sufferings, destruction, breakdowns and the loss of millions of lives. 7th January 1979 was symbolized as the rebirth of a martyred nation, including the renaissance of democracy in Cambodia. With the Paris Peace Accord, signed on 23 October 1991, and the results of the May 1993 elections, democratic culture in Cambodia has shed a new chapter. Indeed, during its first term

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Samdech HUN SEN Addressed the International Seminar on Monitoring and Supervision of Micro-Finance Programs (Sofitel Cambodiana Hotel - 13 March 2000)

It is a great pleasure and honor for me to address this audience on micro-finance, of the most important topics linked to poverty alleviation and rural economic development, which has the potentials to affect the lives of millions of Cambodian people. I wish to express my profound gratitude to the National Bank of Cambodia (NBC) and APRACA for the excellent cooperation to organize this International Level Seminar on Micro-Finance with the view to exchanging views and experiences to promote micro-finance development. This is aimed to respond timely to the meet capital requirements for the development of agriculture, agribusiness, handicraft and trade, as well as to generate income, create employment and alleviate poverty in Cambodia.

I think that today's topic is very realistic, as it is consistent with the government's strategy and policy of poverty alleviation and sustainable development with equity, which constitute our top priority.

The war against poverty is on the agenda for all governments, in particular those in Least Developed Countries (LDCs), such as Cambodia. Poverty is the major impediment to sustainable development with equity. When the majority of the populace live in poverty, they will neither be able to eke out their existence, nor provide their children with access to education or to skills in order to make a decent living and improve

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of office, the Royal Government of Cambodia had gone through difficult period and challenges on this democratic highway.

It is our national pride that before the onset of the new millennium, Cambodia has definitely closed the recent, tragic pages of its own history and has marched into a bright future. Cambodia could put an end to territorial secession and national disunity. Cambodia in one integrated, self-contained territory under one government, without separatists, rebels, secessionist zones, turmoil or internal strives. With the assistance of the international community, we have organized the open and free elections on 26 July 1998, witnessed, observed and commented upon by thousands of external and internal observer teams. There was near unanimous view that the elections were blissfully free and fair, and people described it in such glowing terms as the "miracle on the Mekong". A new coalition government was established after a common agenda or platform for progress to serve the cause of the nation and people was arrived at and agreed upon after intense discussion and consideration by the big political parties winning the elections. The last remnants of the Khmer Rouge had defected to the RGC, the remaining were captured, pending their trial for crimes against humanity.

Peace, which a few decades ago was only an illusion for the Cambodian people, has been accomplished in the four corners of the country. In addition, Cambodia's image in the international arena has been improved, paving the way for the country to join an important regional organization, such as ASEAN.

Cambodia and Cambodians from all walks of lives have determined to strengthen a pluralist democracy, the respect of human dignity and rights. In these endeavors, we will march on the path of a true "Rule of law" with equality of opportunities and redress to all, through a court system, that is competent, impartial and open to appeal, and ensure an appeal trial. Civil society organizations and the

media have flourished like mushrooms after rains. They are free from oppression and enjoy full liberty of actions.

The RGC has implemented a free-market economic policy, with due assistance provided to the weak and vulnerable so that they can be genuine competitors playing on equal footing with the others. The top priority of the government's policy has been poverty alleviation and the promotion of sustainable development with equity. The implementation of a well-designed economic policy, with assistance from the outside world, has yielded good results. Cambodia has witnessed positive economic growth for the last consecutive years, while countries in the region had plunged into a financial turmoil.

At the dawn of a new millennium and century, we can say with confidence that Cambodia has emerged as an integrated nation with the unity of purpose over common sacred goals. Cambodia's ultimate objectives are to heal the past conflicts and wounds and march towards unity and democracy with its own ambitions and pride in discharging its duties in the community of nations to attain a bright future for the region and the world. At this juncture, Cambodians can look towards their own future with great optimism, which is based on important achievements attained through national reconciliation, mutual accommodations and concessions by putting the long-term interests of the nation ahead of short-term political gains and by rigorously implementing economic and social policy.

To achieve these goals, the RGC has implemented with strong political will its own political platform and reform programs with the view to establishing sound foundation for long-term economic growth and sustainable development. The key areas of the reform programs and platform consist of military and police demobilization and the public sector reform, including the reforms of the civil service and the judiciary, aimed at strengthening democracy, upholding the respect for human rights. The government's economic reform is

geared to ensure macroeconomic stability, strengthen the banking and financial system, undertake fiscal reform measures, establish a sound management of public property and increase public investment in the area of physical and social infrastructure and developing human resources.

The opening of a new horizon for Cambodia's future has not ruled out many challenges to be overcome. With the reform measures put forth and implemented by the government, we have managed to establish a momentum for sustainable economic growth. Our immediate challenge is to maintain further this momentum to ensure its sustainability. The key to meet this challenge is to strengthen good governance, which is another important topic of the conference.

The topic of good governance has gained popularity in both Cambodia and on the international arena. It has become the subject for discussions everywhere, in particular, in the international fora, such as the UN, WB, IMF and OECD, and at many other gatherings. In Cambodia, given the present, specific situation this topic is becoming even more timely. Both the RGC and Cambodia's development partners have considered "Good Governance" as the key to economic reforms and poverty alleviation.

In a general sense of development, "good governance" is a manner or a way of implementing and using power to manage and distribute social and economic resources. In reality, the government plays a leading and important role in the society and the economy. Apart from management and administration, the government is an important economic player, who delivers to the society the main public goods, such as large-scaled, physical infrastructure, health and education services etc. The government makes decisions on macroeconomic and social policies, which have direct impacts on the health and long-term competitiveness of the economy. The government makes

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decision to reallocate resources through monetary, fiscal and budget policy. Moreover, the government sets the rules of the game for the market by adopting laws and regulations for private sector development. All of this attest to the undeniable fact that the quality of the policy and overall environment created by the government is of great importance. However, the manner and the way of how the government policy and laws are implemented are even more important. In short, one needs good policy, which will be properly implemented.

From this point of view, it is easy to see that good governance is of paramount importance to ensure successful economic development. However, if good governance is really very important, why "good governance" has just recently gained its popularity? While answering this question, I wish to highlight some major issues, which make good governance a top priority in development:

First, The experience of economic management in this era reveals that good governance has a real positive impact on the economy. In many cases, bad governance resulted in the loss of budgetary revenue, degraded the quality of investment and public services, mismanagement of public property and rampant corruption eroded the public confidence in the government and reducing investment flows into a country. In this sense, good governance plays a critical role in mobilizing domestic and external resources to meet the needs of development and ensure equal treatment and social justice. This is critical in ensuring the viability of social fabrics, social stability and peace in the country. Hence, many leaders therefore are unanimous to recognize the importance of good governance in ensuring successful implementation of the reform programs.

Second, A number of studies show that there is a close correlation between good governance and economic growth. In the age of globalization and of free movement of private capital, there are many cases that attest to the fact that corruption

and the lack of transparency in economic management have direct impact on capital flows, especially the stock and the quality of investment. We have many concrete examples both in neighboring countries in the region and in Cambodia, where problems of governance are regarded as major impediments to directing investment into productive sectors and attracting long-term investment to ensure sustainable economic growth. The current financial turmoil is also the clear manifestation of great economic and financial tragedy caused by the lack of good governance.

Third, Globalization requires good governance. Free movement of capital and economic and trade liberalization requires a sound legal framework and a rigorous and responsible government, which conducts operations with transparency, accountability and predictability. These factors instill investors' confidence in the government and foster economic activities, thus allowing a country to grab the benefits and advantages of globalization.

Fourth, the fact that developing country like Cambodia pays particular attention to good governance, also meets the concerns of the donor community. Since the budgetary resources of the majority of donor countries are under great pressure, each donor has to scrutinize the utilization of their aid. Before disbursing any aid, they should be confident and be clear in mind that their money will be used properly and efficiently to increase economic productivity. The whole process must be checked and monitored on a regular basis. Therefore, good governance has become one of the most important benchmarks for donors to evaluate and determine the size and type of assistance to a recipient country like Cambodia. Another inter-related aspect is that before making a decision to provide assistance, donors always check the demeanor and the ability of recipient country to mobilize and use our own domestic resources. If the recipient administration is corrupt, squander their own resources, negligent in effectively mobilizing and utilizing their domestic re-

sources, they will not provide their grants or extend their loans.

Anyway, I would like to emphasize that good governance is the government's policy to achieve its ultimate objectives of poverty alleviation and promotion of sustainable development with equity. We did not embark on the implementation of this policy, because we want please anyone, but because we clearly understand Cambodia's needs to strengthen good governance. We therefore are determined to successfully implement this policy, whether or not there will be any assistance.

Good governance therefore is of a paramount importance for managing the economic and structural reforms in Cambodia. In my view, the most dangerous time bomb on the road of Cambodia's economic reform is governance. The lack of good governance will become a serious obstacle to the development of a robust private sector, because it weakens the institutions and encourage corruption. This will inevitably contribute to the lack of the rule of law--a complex system of laws, arbitrary interpretation and selective implementation of the laws and regulations. As a result, the bulk of budgetary revenue will be leaked, the expenditure will be squandered and the efficiency and quality of government services will be degraded. The ultimate result is that investors, business people and the international community will lose their confidence in the government institutions and Cambodia.

The RGC clearly understand these challenges and has embarked on reform measures to enhance public administration and the court system and to improve the efficiency of the public services by promoting transparency and accountability and combating corruption. Institutional structures and mechanism have been established to enhance the management and implementation of the military demobilization, administrative and judiciary reforms. Detailed work plans and action plans have been designed and improved subsequently as the RGC is actively imple-

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menting the initial phase of this complex reform programs. While preparing for the implementation of the Pilot Demobilization Project, we have carried out first step of the administrative reforms, including civil servant census, functional review and census, functional review of governmental public servants, the establishment of professional skills and introduction of new salary scales. At the same time, attention is given by the RGC to the current pressing issues related to the over-bloated bureaucracy and corruption. To prevent further expansion of the civil service the RGC has restricted new recruitment by setting the ceilings for recruitment and conducting competitive admission to the civil service in a transparent manner.

In administrative reform, we have shifted from a centralized to a decentralized management system by introducing technical devolution of power from the central to the local levels. The communal elections to be held in the near future will be of two values for Cambodians: First, the enhancement of democracy at the grassroots level, whereby the people will exercise their rights to elect the people they like; and second, strengthen public services at the local level. The two factors will contribute to the enhancement of democracy, the respect for human rights, the improvement of management and the promotion of development in all domains. Moreover, a number of important laws have been drafted and submitted to the National Assembly, such as the Audit Law and the Budgetary Discipline Law, which are designed to establish a mechanism and institution to combat corruption and ensure transparency and accountability in public finance management. In October 1999, an Anti-Corruption Unit was established by the RGC, with members drawing from various government agencies in order to promote research and develop measures and action plans for the combat against corruption. Notwithstanding, tremendous difficulties and impediments, the RGC has made substantial progress in this area. The cracking down on illegal logging, the increase in tax revenue, the removal of ghosts

from the army and the confiscation of land, which has been sold off or held illegally, were among the measures aimed at tackling corruption.

Strengthening good governance should be go hand in hand with legal and judicial reform, as well as the implementation of the civil service reform. This is the biggest challenge for the RGC. We have genuine political will to carry out these daunting tasks. As a matter of fact, we have worked in this direction and achieved encouraging results. However, what I want to emphasize now is that in order to meet the challenges, it not enough to require full implementation of the principles of democracy, through public participation in decision making. It will also be required to establish a sound legal framework, regulations and a code of conduct to ensure smooth and rigorous implementation of the reform measures and, in particular, to develop human resources with the right skills, experience, professional honesty and good moral conduct. Therefore, attention is given by the government to providing an appropriate level of salary to the civil servants and the members of the judiciary. This also requires a change in the attitude of each individual and the morality of the whole society. This is a daunting task, which cannot be achieved within one or two years. By so speaking, it does not mean that we can be relieved from our responsibilities at this crucial moment. We must now jointly make strides to achieve our objectives. In this endeavor to meet the above challenges, more importantly we are required to expediently tackle the problem step by step, aim our target and accomplish this daunting task as appropriate in every direction of reforms.

Another important aspect of good governance is also worth of our attention. That is the good health of the private sector in the country. The government's philosophy is that the private sector is the moving force of development and the engine of growth, while the government is the strategist and the manager of development. Playing this role, the government's responsibility is to give direction and establish a social envi-

ronment conducive to private sector development. In this sense, a strong private sector is vital to development. A weak and corrupt private sector will set in motion a domino, contributing to the fall of the public sector. Therefore, the RGC should endeavor to establish a sound legal framework for private businesses to conduct their operations, ensuring a fair competition and transparency and accountability of this sector, as well as the transparent and accountable relationships between private and public sectors. The RGC is thus required to put in place many laws and regulations in order to set proper rules for the market. Moreover, the principles of good governance require active participation of all players concerned, from both the government institutions and the civil society at large. Therefore, attention is given by the RGC to allow the people to exercise the freedom of expression and the participation of the civil society in this important process.

Certainly, countries that have a head start on us - particularly the surrounding countries - have had several decades to build a nation, to organize a State, to educate their population, to develop an economy, and to integrate into the world economy. Cambodia, for its part, has had to skip all these phases and to do all of this during a short period of time. We must accomplish this daunting task in so few years. That is the terrible demand of reality, the implacable law of urgency. Nevertheless, we are determined to do all of these, by a total commitment of its human and natural resources along these lines.

We recognize that Cambodia cannot go on this path alone; we must mobilize the international community and International Development Organizations at its side. Our development partners responded by giving a full support to the government's reform programs through financial and technical assistance. On behalf of the RGC and the people of Cambodia, I would like to take this opportunity to express our profound gratitude to all our international partners for their generous assistance to the cause of peace, democracy and development in Cambodia. I would like to appeal to them to increase this assistance further...■

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the living standards of their families. They are not in the position to positively contribute to the economic and social development of the nation. Moreover, poor people will not only suffer from hunger, but will face other challenges, such as the lack of access to education, health care or other basic services.

Since its first term of office, the Royal Government of Cambodia (RGC) has deployed considerable efforts to alleviate poverty. These endeavors have bore some fruitful results. We were able to reduce the incidence of poverty of the Cambodian people from 30% of the total population in 1993 to 26% in 1999. Indeed, this important achievement cannot be separated from micro-finance and rural credit scheme development.

Since 1995, attention has been given by the RGC to micro-finance by establishing the then Credit Committee for Rural Development (CCRD), which was transformed into the current Bank for Rural Development (BRD). The main objectives of establishing this vital body are to ensure sustainable development of micro-finance in response to the increase in the needs for such facility by farmers and poor people. The RGC considers that only with the development and expansion of the decentralized financial system, it is possible to meet the needs of the people and to respond to market situation. Through this system, the people have found it easier to take loans to take up their businesses. I recall that in 1995 I was invited by the Credit Committee for Rural Development Technical Unit to preside over the opening ceremony of the National Seminar on Micro-Finance. Many participants attended this seminar. It was this seminar that drew my attention and the RGC to provide a full support for the establishment of this Bank for Rural Development. Since then, the micro-finance sector has witnessed considerable progress. According to the 1995 figures, the value of the total loans was approximately US\$2 million, extended to around 44,000 households. By the end of 1999 this

micro-finance scheme has expanded further to cover more than 300,000 households, a seven-folded increase, compared to 1995. The value of outstanding loans increased tenfold to US\$20 million. This is the record level of rural credit attained in the history of micro-finance development in Cambodia. The number of micro-finance operators has experienced a considerable uplift. In 1995, the Agence Française de Développement (AFD) and UNDP have played a key role in this sector. At present, many more donors have jumped on board.

The success of micro-finance and rural credit schemes has been instrumental in employment and income generation for the people. It also serves as a sound proof to reject some of the orthodox views, considering that "With the poor, credit scheme will never be a success, because the poor will not be able to pay back the loans." In fact, repayment rates are very high with the poor. According to the figures provided by the micro-finance operators, repayment rates were up to 95%. Therefore, we should not regard the Cambodian people as failed-to-pay-back borrowers. It is my confidence that the success of rural credit schemes depend mostly on the viability of the micro-finance institutions. More importantly the crucial factor to ensure the success is to have a well-developed micro-finance policy, staff members with honesty, integrity and responsibility, criteria for the selection of customers. With this in mind, a 100-percent success of the micro-finance credit scheme can be ensured. In this regard, I would like to note that the social value of the Cambodian people, in particular those from the rural areas, is very high: First, they believe in merit accumulation; Second, their pride of free from debt; Third, their integrity and gratitude for the benefactors. The three values underpin the good relationship between borrowers and creditors. Therefore, most importantly micro-finance operators should have a clear policy in giving loans. Extending credits to those who have their own jobs and businesses will help them prosper and pay back on time. Although during the last five

years the micro-finance and rural credit sector has been given attention and promoted, the current level of development is not adequate and responsive to the needs of the Cambodian people. As I said earlier, the value of loans amounted to only US\$20 million, extended to some 300,000 households. If funds from AFD, ADB and IFAD are added to the current capital, in the next four years, the value of loans will increase to US\$40 million and the number of borrowers to 600,000 households. Even if we take into account an estimated US\$10 million in informal sector loans, extended by relatives, friends and moneylenders, the current figures of credit availability will not be adequate to meet the needs, which are estimated between US\$75 million and US\$125 million. Given these enormous needs, more attention is given by the RGC to mobilize financial resources for this sector. I have recently given instructions to the Ministry of Economy and Finance to use the revenue from garment export quota to increase the capital of the BRD to US\$1.5 million. The increase in capital will allow BRD to have access to a grant of one million Euro, provided by the AFD. BRD will use this grant to expand its micro-finance operations. At the same time, we are negotiating with the ADB for a loan package of US\$10 million for the BRD.

Indeed, an increase in capital will not guarantee a boost in rural credit activities and the increase in the number of borrowers or will not meet all the needs of our people in a timely manner. To achieve these goals, we should continue to strengthen and improve our micro-finance institutions. I believe that our experiences gained during the last few years can give us some ideas where Cambodia should go and what to do to bring the benefits to our poor people. Moreover, I hope to be able to learn from all of you at this seminar.

I understand that the BRD and a number of micro-finance operators are currently working hard to improve their performance... ■

**Address by Samdech Hun Sen to the Ceremony to Mark
the World Water and Meteorological Day
at the Hotel Le Royal, Phnom Penh, 22 March, 2000**

It is for the first time in Cambodia's history that we are celebrating this Day in the Kingdom of Cambodia. This ceremony has shown that Cambodia has re-established its relationship with the World Meteorological Organization (WMO) after a few decades of interruptions, caused by political instability in the country. This ceremony is the testimony to the fact that Cambodia has been integrated into the international community. The report, presented by H. E. LIM KEAN HOR, Minister for Water Resources and Meteorology, the permanent representative to the WMO and also the chairman of the Cambodia National Hydrological Committee, highlighted the concerns of the whole world about the frequent occurrences of natural calamities, such as the inadequate use of water, drought, flooding and other natural phenomena. For example, the recent flooding in Mozambique, forest fire in Indonesia, volcano eruption in the Philippines. These calamities wrecked havoc to human and animal lives and infrastructure. The Kingdom of Cambodia is fortunate because we did not experience the volcano eruption, earthquake or serious environmental pollution, apart from drought, flooding and rain storms, which had taken human and animal lives and destroyed houses, infrastructure and crops, such as the flooding in 1991 and 1996.

To address the above issues, the WMO has promoted the exchange of views, experiences and technology among its members world-wide at the annual meetings and at the congress held every four years. These technical meetings are based on collaboration of members. This cooperation is nonsense if developed countries have access to modern technologies, while the others are lagging behind. It is regretful from H.E. LIM KEAN HOR's report that

the Kingdom of Cambodia did not send delegates to the congresses held in 1995 and 1999, due to budget constraints. Moreover, the lack of meteorological and hydrological data, mainly due to the failure to collect them over a long period of time of political instability, has deprived us of the invaluable meteorological and hydrological data, which are crucial to national and world development. I can make a very simple example. The failure to measure the temperature yesterday cannot be replaced by today's measurement of the temperature. To address this, the Royal Government is proud to send a delegation led by the Secretary of State for Water Resources and Meteorology, to the ministerial conference on Sustainable Management of Water Resources and the World Water Day, held in the Hague, the Netherlands.

It is clear for us that "Life is water" and water is the source of development. However, the trends of water consumption in the world indicate that the demand for water increases at the alarming rate, compared to the existing water resources. In the Kingdom of Cambodia the volume of water is estimated at 585 billion cubic meters, whereas annual water consumption for agriculture, industry and drinking water is estimated around 2.5 billion cubic meters. Nevertheless, care should be taken to ensure a sound management of water resources, as it is estimated that the annual water consumption is projected to increase to 35 billion cubic meters in 2020. Hence, there is a drastic increase in water consumption, which requires close cooperation between the Ministry of Water Resources and Meteorology and the government agencies concerned, in particular in the drafting of a Water Law as soon as possible in order to ensure sustainable management and conservation of water

resources.

Apart from the concerns about the water shortages for the world population, caused by the demographic explosion and constant volume of water, especially fresh water, water pollution-degrading the quality of water, climate change and the change in hydrological regime have had the impacts on the sustainability of water management.

The topic for the year 2000 is linked to water use in the 21st century, i.e. setting the responsibility of human beings in the world, as well as for everyone gathering here. In this sense, for Cambodia it is important that the newly established Ministry of Water Resources and Meteorology should discharge fully its responsibility for water resources management. Moreover, the National Hydrological Committee was established in 1996 and chaired by H.E. LIM KEAN HOR. This committee is participating in the UNESCO-sponsored international hydrological program. We are now implementing the five-year hydrological program for 1996-2000, called "development in a fragile environment."

I wish to express my appreciation for the efforts deployed by the National Hydrological Committee to participate in the meetings of the regional committees and for the establishment of an information center to collect and publish catalogues of rivers and streams and to undertake studies on flooding and drought.

My high appreciation is also extended to the Ministry of Water Resources and Meteorology for conducting regular weather and flood forecast, notwithstanding the shortages of materials, equipment and data for analysis.

The world has paid much attention to meteorological and flood forecast. However, in Cambodia this forecast
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did not get due attention from our people and a number of government institutions. As a result, our people are suffering from the loss of lives and the damage to their property during natural calamities. I recall that at the Cabinet meeting on 14 August, 1998 I gave instructions to the Ministry of Information to seek cooperation from the media in disseminating information on weather forecast and flooding prepared by the Ministry of Water Resources and Meteorology to the people in a timely manner and on a regular basis. However, I have noted that the Ministry of Information has not rigorously implemented this instruction. In reality, a number of radio and TV stations did not care about this and put commercial interests above the public benefits. The weather forecasts should be disseminated on a regular basis, every year and every day, and not only during one or two years. However, I have noted that some TV stations are more concerned about international weather forecasting, which is of no direct benefit to our farmers.

In this regard, I wish to raise the following recommendations:

First, It is necessary to clearly define the role and responsibilities of each ministry in accordance with the laws and sub-decrees determining their functions, as well as the circulars and the decisions made by the Prime Minister. For example, according to the Prime Ministerial Decision on the separation of responsibilities between the Ministry of Water Resources and Meteorology and the Ministry of Rural Development, the MRD is responsible for well drilling, while the MWRM has the responsibility over the irrigation. According to the Prime Ministerial Decision on the separation of responsibilities between the MWRM and the Secretariat of Civil Aviation, the MWRM has the responsibility of managing meteo instruments at the airports. Setting clear

responsibilities can help increase efficiency, avoid duplication and facilitate cooperation and assistance by donors and international organizations. **Second,** as a permanent representative of the WMO to Cambodia and the chairman of the National Hydrological Committee, the MWRM should endeavor to discharge its own responsibilities in order to attract technical, material and financial assistance. This will allow us to provide adequate meteo and hydrological data at the international standards to meet the need of water, road and air communications, agricultural production, industrial development and tourism etc. Other government bodies should cooperate to develop the meteorology and hydrology sector to catch up with the developed nations, especially regional countries. **Third,** the Ministry of Economy and Finance should consider allocating budget for the purchase of necessary equipment and instruments and to pay membership dues to the WMO on a regular basis and in a timely manner in order to maintain our membership and voting rights at the congress and to have access to free information. It is worthy to note that equipment and membership fees are necessary expenditure, which should be allocated, because if we have a deeper consideration we will realise that natural calamities will be more burdensome, including the loss of human and non-human lives. Before ending this remark, I would like to express my appreciation for the ministries concerned with water resources and meteorology and international organizations for the excellent cooperation in organizing this celebration in response to the appeal from the WMO. I hope that the two special calendars will be remembered by people in the world, especially the Cambodian people, and will be marked every year...■

Keynote Address by
Samdech Hun Sen to
the Ceremony to Launch the MBA
Courses by the National Institute of
Management in Cooperation with
University of Uta, Malaysia
(Sunway Hotel - 29 March, 2000)

First of all, on behalf of the Royal Government of Cambodia I would like to congratulate the National Institute of Management on its achievements. Considerable efforts have been deployed to build up the infrastructure, equip its classrooms with modern facilities and improve the quality and competence of the teaching staff at the institute, opening a new horizon for training at the institute.

Taking this solemn opportunity, I wish to express my profound gratitude to H. E. Dr. Mahathir Mohamed, Prime Minister of Malaysia, for his encouraging support for the cooperation between the two educational institutions. My thank is also extended to His Excellency Malaysian Ambassador and Vice Chancellor of the University of Utara for facilitating this cooperation in a timely manner. The launch of these MBA courses opens a new era for human resources development in Cambodia. It is my confidence that this will provide a new window of opportunity to our Cambodian students to gain in-depth knowledge in respective fields in response to new developments in the world, which require more and more specialization.

Investment in human capital, for Cambodia and other developing nations alike, is the top priority of its development strategy, which is geared towards the acceleration of economic growth and alleviation of poverty. The experiences of countries in the region, which have been successful in economic development, underline the importance of investment in education in improving labor productivity and promoting sustainable economic growth. Quantitative and qualitative expansion of the education sector will attract more investment, since cheap labor is not the only factor that attracts investment. This labor should be of quality.

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At the dawn of the new millennium the world is moving very fast, fuelled by globalization, towards a new, unfettered economic system, which is characterized by the free flows of goods, services, capital and labor, paving the way for a new, digitalized and knowledge-based economy. At the same time, Cambodia is working hard to integrate itself into the regional and world economies. The essence of this process is to open up the economy and engage in partnership and cooperation with the regional players. The key issue is to ensure that Cambodia can effectively play on an equal footing the political game and benefit from the widely open economy. Most importantly Cambodia should be able to share the "win-win" situation with other partners in this regional grouping and in other international arena. In this context, education is of utmost importance, since intellectual capital will play a key role in determining the competitive advantages of each nation.

We should share the view that human resources are the most invaluable assets of a nation. Physical, intellectual and mental energy of human being, i.e. labor, skills, knowledge, know-how, creativity, innovation and opportunity embodied in human capital, will become increasingly crucial to transforming economic potentials and comparative advantages of the nation into the reality and competitiveness. Without highly qualified human resources, everything will get stuck and there will be no value added for the society. It is not a coincidence that all nations in the region have paid much attention to human resource development. Massive investment, coupled with physical, intellectual and mental energy of high quality human capital is required for economic take-off.

Considerable efforts have been deployed by the Royal Government of Cambodia to increase investment in this sector by increasing budget allocations for education, mobilizing foreign aid and encouraging contribution from the society. The share of education budget is on the increase. In the year 2000 budget, expenditure for education increased to 14% of the current outlays. Even with the increased share of the education budget, the absolute value of

education spending is still small. For this reason, the RGC has a clear intention to transform the educational institutions into public administration establishments. And the RGC will provide further support for their operations and progress.

The RGC has adopted this policy, since much remain to be done in the education sector. More than three decades of wars had been devastating, leaving behind horrendous legacy for human capital. More than one third of the Cambodian people are illiterate and had no access to education at all. Only 20% have primary education and 4% has lower secondary education. Even though tertiary education is a key to development, general education at primary and secondary levels is also of utmost importance for sustainable development. General education instill in the people the sense of responsibility, morale, good demeanor, ambition in education and skill development in many other areas. It also promotes the civil society through participation in deliberations and discussions. These are the main elements of effective participation in the strengthening of democracy.

General education is the foundation for the development of tertiary education. With the cost recovery scheme for tertiary education, it is not required to pass admission exam. Therefore, the RGC has paid much attention to upgrade the quality of general education, establishing a solid foundation and making preparation for further education. Moreover, according to the experiences of a number of countries, if the number of primary and secondary students is low, the ratio of tertiary students is also low. Thus, a long-term solution will require public investment in general education to allow more people to have access to tertiary education.

The encouragement for the expansion of cost recovery system in tertiary education is a well-designed strategy to develop the education sector in both quantity and quality. At first, I have initiated the idea of introducing a cost recovery in the public tertiary educational establishment to the extent to develop extra revenue to supplement teacher's salaries. As the pilot project at the National Institute of Management has gained the support from parents

and guardians of the students, at the Cabinet meeting on 29 January, 1999 I proposed to all institutes and universities to absorb more students through the cost recovery schemes. I also mentioned that the revenue should be used to uplift the living standards of the teaching staff and administrative personnel and to develop the facilities, including buildings, classrooms, equipment, documents, libraries and office supplies. Nevertheless, the RGC has left some options for competitive admission and provided scholarships to poor but bright students to get further education. The RGC will not abandon those students with solid secondary education or big talents, but cannot get tertiary education because they cannot afford those costs.

The cost recovery system is very useful and cost effective. If funded entirely by the government budget, then resources are squandered on bureaucratic red tapes rather than on teaching or research. Autonomous management will improve the capacity of the institutes and/or universities and provide incentives to the teaching staff. This is the most important element in upgrading the quality of education. The new system provides a mechanism to reduce bureaucratic red tapes and corruption, especially corruption that occurs during admission and management. Corruption was a hot potato a few years ago but subsided with the introduction of the cost recovery system, which provides the management with technical and financial autonomy. Moreover, what is the need for giving bribes if one can pay to get an education and the same degree? Our past experiences in tertiary education indicate that the core problem is the lack of adequate financial resources. I am glad to see the recent progress at the NIM, reflecting the government's successful move towards the self-management of the tertiary education. It is our strategy and a reality to seek ways in order to develop tertiary education. The cooperation of mutual benefit between the Utara University and the National Institute of Management is the best choice, as we are experiencing the lack of human resources and skills. Malaysia is ranked among the first in Southeast Asia to adopt this approach. At present, Malaysian universities have invested in hu-

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man capital in many countries in the region. I do hope that cooperation between the two tertiary institutions will have positive results, as this is the best opportunity to transfer experience and technology to the partners in cooperation, provided that there are conditions for mutual benefits. I would like to appeal to the Malaysian partner to establish similar cooperative arrangements with other tertiary institutions, especially continue to cooperate with the NIM to introduce Ph.D. training. At this important juncture, I would like to table some recommendations to ensure fruitful and efficient conduct of training at the NIM and other tertiary institutions:

First, Curriculum development should take into account market demand and should match with short- and long-term objectives;

Second, improve further the educational infrastructure, especially communications and information technology and libraries, which largely contribute to the revolution of knowledge;

Third, ensure transparency and accountability to strengthen good governance in both technical and financial management in order to assure the success of the cost recovery scheme in tertiary education;

Fourth, Attention should be given to rigorously control the knowledge of students to ensure both quantitative and qualitative progress, especially to wipe out from their mind the mentality to study only for a degree;

Fifth, I am pleased to hear the report of the institute's director the plan to open branches in the provinces. This will help reduce the regional bias in education and the gaps in tertiary education between the urban and rural areas, the rich and the poor and gender inequality...■

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(EIA), which is now effective in terms of protecting the natural resource and ensuring environmental sustainability. In line with the government policy of providing incentives to investors by reducing the time for processing investment applications, the RGC has issued instructions to all government agencies to implement the guidelines that I made during a meeting at the Council for Development of Cambodia (CDC) on the "One Stop Shop" to process investment applications not more than 28 days. Investors are required to have an EIA report for their projects and apply for EIA in accordance with the rules and regulations set by the Sub-decree.

EIA reporting can be delayed to one or two years after the investors have commenced construction or operations. I decide to do this out of the understanding that negative environmental impacts cannot be identified immediately. However, should the impacts are identified during project operation, the MOE has reserved its rights to implement environmental laws and regulations.

Nevertheless, in order to ensure the sustainability of natural resources and a safe and comfortable environment over the longer term, the MOE should focus on the following activities:

1. Environmental Education and Dissemination

This action should get the attention of the MOE, since environmental education will enable the people to understand scientific concepts and reality determining the environment and the relationship between human and the environment, which underpins the forms of nature. This will give them more possibility to rehabilitate, protect and improve the quality of the environment and natural resources.

To ensure the efficiency of education and environmental information dissemination and to get more progress, I would like to suggest to the MOE to provide environmental education and dissemination in cooperation with the Ministry of Education (MOE) and consider the possibility of including environmental education in school and vocational training center curriculum at all levels, whether public or private. Furthermore, environmental information and dissemination has been restricted to TV and radio. Thus, the MOE should have good cooperation and public relations with all kinds of media.

2. Law Enforcement

The development of environmental laws and regulations is a strategic tool to support the protection of environmental quality and sustainable development. However, the key issue is to develop, implement and monitor the implementation of the plan of actions in order to prevent the offences, identify the offenders and make them liable to tough sanctions, punishment and penalties according to the laws. To carry out effectively these duties, the MOE should cooperate with the local authorities and relevant institutions related to this action plan.

3. Participation of the Civil Society

Last but not least, sustainable development and environmental equity depends on the participation of the civil society, democracy and political freedom. People can protest inappropriate use of environmental resources or participate directly or indirectly in environmental protection, for they want to do what is possible for their own lives and the lives of their children...■

Excerpts of Samdech Hun Sen's Speech at the Closing Ceremony of the Annual Conference at the Ministry of Environment (30 March 2000)

To respond in an effective way to the need for environmental rehabilitation and protection, as a government I wish to take a number of necessary measures in a matter of urgency to be fully implemented by the MOE in cooperation with relevant ministries and agencies, and the local authorities at all levels.

I-Natural Resources Management: National Parks and Wildlife Sanctuaries

Some opportunists had grabbed land from the areas of National Parks in order to expand their farmland, to take ownership of the land, to sell or to engage in illegal logging. Some culprits had resorted to illegal logging or poaching in the National Parks and Wildlife Sanctuaries. This constitutes grave violation of the laws. The MOE should take action and adopt clear guidelines to improve the management of national parks and wildlife sanctuaries. I agree with the proposal made by the conference to establish an Inter-Ministerial Consultative Committee, chaired by the MOE, with sub-committees, to be chaired by provincial governors and mayors, responsible for providing recommendations and addressing problems related to the management of national parks and wildlife sanctuaries. But I wish to recall that the establishment of the committee and sub-committees should be based on clear guidelines and regulations with due consideration given to their efficiency and the need for ridding off bureaucratic red tapes.

II-Protection of the Coastal Zone and the Tonle Sap Protected Area

The MOE should cooperate with the local authorities and relevant ministries, especially the Ministry of Territorial Zoning, Urbanization and Con-

struction to undertake demarcation of all protected areas. An integrated approach is required for Coastal zone management and the management of the Tonle Sap Lake, with clear responsibility of each government agency in order to avoid duplication. Moreover, the MOE should cooperate closely with the Ministry of Agriculture, Forestry and Fisheries (MAFF) and relevant agencies to continue to effectively implement the Circular No 1 dated 25 January, 1999.

Foreign aid should be well coordinated to ensure cost-effectiveness. Foreign aid for the management of the Tonle Sap area should also be coordinated effectively. The National Mekong River Committee (NMRC), with the Minister of Environment as a deputy chairman, should endeavor to establish this year a biosphere reserve. I wish to express my high appreciation to the MOE, MAFF and the local authorities for the protection of birds in the Tonle Sap area, especially the cranes, which constitute natural heritage of humanity. This also a testimony to the good quality environment of the Tonle Sap area.

III-Waste Management

As far as waste is concerned, I wish to express great appreciation to the MOE for discovering 3,000 tons of lead-related toxic waste and 650 tons of film waste in Sihanoukville and for providing reports to the RGC to take action and send them back in 1999. In this regard, I would like to announce that the RGC will not allow imports to Cambodia of overseas waste, no matter under what form, as Cambodia is not the dumping ground for foreign waste.

The competent authorities should review and impose restrictions on the imports of second-hand goods and

some cannot be used. Some crooked people may want to import waste disguised as second-hand goods. The MOE and the Phnom Penh authorities have recently discovered 30 tons of second-hand shoes dumped in the pond near the railway station. In this respect, the MOE and the Phnom Penh authorities should find out those who had dumped these shoes and take tough legal actions against the offenders and should consider ways to resolve this problem as soon as possible. Should similar cases continue, this is tantamount to turning Cambodia into a legal dumping ground.

The MOE should monitor, on a regular basis, hazardous toxic waste. Waste water discharged from factories should be subject to strict monitoring. If one discovers that waste water is discharged without treatment, legal actions should be taken against the offenders in accordance with the laws. As a government, I require owners of factories, enterprises, small-scaled producers and hotels to conform with the government standards for waste water discharge in order to make a meaningful contribution to the protection of the welfare of the population and the environmental quality in Cambodia.

Provincial and municipal authorities should pay due attention to the sound management of solid waste in their constituencies by having a proper dump site and prevent uncontrolled waste disposal, which could be harmful to public order, beautification and cause environmental pollution.

IV-Environmental Impact Assessment (EIA)

The RGC adopted a Sub-decree on Environmental Impact Assessment

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