

Cambodia New Vision

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Addresses of Samdech HUN SEN to the Government-Donor Monitoring Meeting (Phnom Penh, 5-6 April, 2000)



Opening Address

This is the third Quarterly Donor Meeting after the Consultative Group (CG) Meeting held in Tokyo in February 1999 to monitor and follow up the implementation by the Royal Government of Cambodia (RGC) of the reform programs in order to do a joint stock-taking of performance against goals. Moreover, this is our first meeting in the year 2000 and also an important review, meeting to prepare for the fourth CG Meeting to be held in Paris in late May 2000.

Therefore, I believe that today's meeting will provide us with the rare opportunity to evaluate together the results of the RGC's tremendous efforts during the past year. At the same time, I am confident that we will be able to draw experiences and lessons from the government's actions, highlighting the strengths and the weaknesses, the difficulties and the adequacy of reform program implementation. This evaluation will be used to develop action plans and new measures aimed at pushing forwards the momentum that has been

successfully established. It is my confidence that sustaining the momentum for reform at this juncture is the key to help liberate Cambodia from the vicious circle of poverty and bolster up a once strong and proud nation to get back its place.

It is in this spirit that I gave instructions to the meeting organizers to increase the duration of our deliberations to two days. During the whole sessions my colleagues in the government and I will be always present here to listen to the discussions and the views that you will raise. Your suggestions and recommendations will be very much appreciated and carefully considered. During these two days, the discussions and deliberations will revolve around ten topics related to the government reform actions and the cooperation between Cambodia and its development partners, including preparations for the forthcoming CG Meeting.

I urge my colleagues in the government and our external partners to continue the traditionally close partnership and to discuss in a frank and candid manner the issues and challenges facing our reforms. As I have reiterated on many occasions, the government does not consider the monitoring of the reform programs or the constructive criticism, advice and recommendations made by donors as conditionalities. We welcome any well-thought idea and comment and consider them as concerns of our partners in development for the difficulties or achievements experienced by another partner.

I am delighted to have many repre-

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Samdech HUN SEN's Keynote Address to the South-South Summit (Havana, 12-14 April, 2000)

It is a great honor for me to address this summit and am very pleased to represent and speak on behalf of Cambodia and its people at this very august meeting. We are meeting here on a very appropriate occasion to discuss an over-arching subject of immediate importance to all of us, namely globalization which has affected the whole world and has impacts on the day-to-day life of billions of people, especially the poor of the developing countries in the South. I would like to take this opportunity to express, on behalf of the Royal Government of Cambodia and myself, our appreciation and profound gratitude to H.E. FIDEL CASTRO RUZ, the government and the people of Cuba for the excellent organization of this summit and warm hospitality extended to all our delegations during this summit.

We are meeting here in a country, which has been excluded by the rich nations, at the higher end of the global spectrum, from the mainstream of globalization through inhuman economic embargo. This is a tragic example of punishment of the poor in the developing world through a boycott and an economic blockage in order to achieve a political agenda of the big nation in contrary to the humanitarian principles, the respect for human rights and the rights of the martyred nation to self-determination. It is my confidence that, as leaders of poor and undeveloped nations, which represent the vast majority of people on Earth, we have the daunting tasks of joining hands to eradicate injustice and inhumanity; and to establish a new world order with a

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representatives of the donor countries, international financial institutions, international organizations and non-governmental organizations here with us today. This is the testimony to the continued recognition by the donor community of the efforts deployed by the Royal Government of Cambodia (RGC) to accelerate the reform process, rehabilitate and develop the nations, especially to reduce poverty and to liberate the Cambodian people from the vicious circle of hunger and poverty.

Like before, we have prepared a comprehensive report on actions and performance for 1999 and sectoral papers on important topics to be used as reference documents for our deliberations. My colleagues and I will be happy to answer your questions or provide any clarification you may need...■

Closing Address

You have spent the last two days listening to the presentations and thorough clarifications of my colleagues on major topics related to the government's reform programs. I understand that there is no need to repeat the details raised in the presentations. I wish, however, to take this opportunity to share with you the efforts and endeavors deployed by the RGC to push forward the reforms during the last few months and highlight the government's resolve and determination to speed up the reforms by doing our utmost to address all the challenges and impediments that lie ahead of us in order to ensure the sustainability of our actions, which are critical to the survival of our nations and the Cambodian people.

Between the first CG meeting held in July 1996 in Tokyo and the fourth meeting held in May 2000 in Paris, Cambodia has gone through many

ups and downs and challenges. But none of this could put the country in chaos! In 1999, with the favorable conditions created by the 1998 July general elections, the accomplishment of peace for the first time in many decades and the dismantling of the political and military organizations of the Khmer Rouge and the integration of their forces into the mainstream of the society, the Royal Government of Cambodia has achieved encouraging results in the implementation of the "Triangle Strategy", put forwards by myself as the Prime Minister of the Royal Government of Cambodia (ROC) for the second term of office. As you may be aware, the first side of this triangle is the maintenance of peace, stability and security for the nation and people. The second side of the triangle is Cambodia's integration into the international community and normalization with the international financial institutions. The third side of the strategy is to put Cambodia firmly on the path of reforms: military and police demobilization, fiscal, administrative and judicial reforms and to take strict actions in order to wipe out illegal logging. This strategy succeeded to get over the political games, to clean up the internal and external political environment and create conditions to put the country on the path of reforms.

Building on hard, newly gained peace, stability and unity of territory and goals agreed upon at the national level, the new Royal Government's most important agenda is speedy poverty alleviation and economic progress.

At the CG Meeting held in Tokyo in February 1999, I had announced to the whole world that our reform programs are truly national requirements and not to please donors. I am confident that after monitoring and following up on the implementation of these programs during the past year, and especially after the deliberations during the last two days,

you are even more confident that what we had said is true. Our policies and measures have been translated into reform actions, which have become encouragingly fruitful in all the fields.

The accomplishment or prevalence of peace is not great news compared to continuity of conflict, which grabs headlines and provides photos. If one has to single out one of the many achievements, one is unanimous to state that the biggest event in Cambodia in 1999 is that the Cambodians are fully at peace for the first time in many decades. This is indeed a uniquely historic, highly laudable and noteworthy accomplishment. This peace has been brought about by relentless efforts, mutual accommodation and compromise. They say politics and democracy are ultimately the fine-art of compromise towards a common cause, between individuals, between opposing view points, between divergent opinions and paths.

We certainly know the price of peace, which was accomplished under very difficult circumstances. Therefore, the maintenance of this priceless peace, security and social order in the country is regarded as our top priorities. To this end, during the last year a number of concrete measures have been put in place by the RGC to sustain these achievements. I don't need to elaborate more on the efforts to guarantee the rights and freedom of expression and the successive actions aimed at cracking down on murder, kidnapping, armed robberies, as well as the imposed ban on the use of weapons and the confiscation and subsequent crushing of tens of thousands of illegal weapons. Indeed, we are neither satisfied with nor complacent about these achievements. The government clearly knows that its own capacity is limited and will devote all the physical and mental energy to

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strengthen and improve these achievements.

In economic and fiscal reforms, we have made steps forward to remove impediments and difficulties, which hinder this inter-twinned reform process. Having implemented these programs, in 1999 real GDP rose 4.3% after plummeting to 1% in 1997 and 1998. The inflation rate (4th quarter moving average) fell sharply down to almost 0% after rising up to 12.6% in 1998. The exchange rate was fairly stable ranging around 3,800 Riels per USD. The international reserves increased 8%, covering 3.9 months of imports.

All of you may be aware that that in October 1999 the IMF Board of Directors had approved "the Enhanced Structural Adjustment Facility (ESAF)", currently called "Poverty Reduction and Growth Facility", for a period of three years for Cambodia. The RGC has rigorously implemented this program. Moreover, the World Bank Board of Directors has approved "the Structural Adjustment Credit (SAC)" for Cambodia, which is complementary to the reform programs that have been developed with the IMF. There is no doubt that these programs will contribute to the furtherance of our reform process and ensure a sound foundation for our future growth over the medium to long term.

With rigorous implementation of the fiscal reforms and strict management of public expenditure, we have received encouraging results in enhancing revenue and re-orienting spending priorities.

Domestic revenue jumped by 40% from 8.6% of GDP in 1998 to 11% in 1999 mainly due to the introduction of VAT and revenue gained from companies bidding for garment exports quota. In 1999, tax revenue reached 112% of the target due to strong performance of VAT collec-

tion exceeding the target by 42%. VAT accounted for 62% of domestic tax revenue. 1999 witnessed also a shift in reliance of the fiscal revenue on international trade taxes to domestic taxes. In 1999 the domestic and the international trade taxes accounted for 56% and 44% respectively. In 1998 the domestic and the international trade taxes represented 44% and 56% respectively of the fiscal revenue. Non-fiscal revenue reached 348 billion CR or 95% of the target, increasing by 51 % compared to 1998. Moreover, for the second half of the year the revenue from forestry has increased considerably meeting the target due to the fact that concessionaires started reviving their activity and paying the royalty at the rate of USD54 per cubic meter. This reflects the effectiveness of the implementation of the Government policy in the forestry sector that means cutting less trees but collecting more money.

At the same time we recognize that there are some difficulties in the collection of non- tax revenue. Strict actions have been taken to increase the efficiency of non-tax revenue collection.

Thanks to strong performance on the revenue side, the public expenditures also improved. The total expenditures reached 116% of the target of which 63% and 37% account for current and capital expenditures respectively. In difference from 1998 when current budget was of deficit of 0.53% of GDP, 1999 Budget performance was characterized by current budget surplus of 1.6 % of GDP. This surplus was used to finance counterpart fund and locally financed projects, as well as debt amortization. Although the defense and security expenditures still represent a large share of the total current outlays (Defense and security spending accounted for 43%, while civil administration outlays represented 57% of the current expenditure), there is also a downturn

trend in its spending over the last years. In 1994 this expenditure accounted for 6.38% of GDP and it reduced to 4.16% of GDP in 1998 and to 3.9% of GDP in 1999.

The Royal Government places a high priority of spending for the Education, Health, Agriculture and Rural Development ministries. The result of the action taken in these efforts was very encouraging in 1999. The expenditures for the health sector reached 94% of the target whereas it was only 70% of the projection in 1998. Particularly, the spending for the Accelerated District Development (ADD), which provides health care service to about 3 million people in 22 Healthcare centers in the country , was 100% disbursed. The actual spending for the Ministry of Agriculture Fishery and Forestry and the Ministry Rural Development were 90% and 92% respectively of the year target. The expenditures for the Ministry of Education Youth and Sports reached 118% of the projection.

Within the framework of the year 2000 budget, new measures have been anticipated to improve the expenditure framework and the execution of the priority economic and social sector budgets. This can be achieved through the introduction of the Priority Action Programs (PAP) and the Public Expenditure Program (PEP) and the establishment of the Budget Strategy and Enforcement Center (BSEC) for four priority ministries, such as Education, Health, Agriculture and Rural Development.

The RGC is conscious that the public expenditure reform, which targets these priority sectors is key to attaining successful implementation of the government's social policies and achieving the ultimate objectives of poverty alleviation. Without a well-designed expenditure and in-

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vestment programs, we will never expect to attain the goals and targets set by the government policies, aimed at providing basic health care services to the population, reducing infant and maternal mortality rates, improving education access to children, providing vocational training to young people, increasing access by the population to clean water, addressing gender issues and curbing the spread of AIDS.

The report presented by the working group and government agencies and today's discussions have shown that you have given serious attention to the implementation of the government's demobilization program. With determined resolve and full support from all quarters both inside and outside of Cambodia, in particular among the senior staff of the Royal Cambodian Armed Forces (RCAF), the RGC has achieved encouraging results in this task. With generous assistance from the donor community, especially the technical assistance provided by the World Bank and the strong determination of the government task force, we have successfully completed the registration of the Royal Cambodian Armed Forces. The strength of the duly registered military is 140,693. We have removed 15,551 ghost soldiers and 163,346 ghost children from the military payroll.

After the second Donor Monitoring Meeting held on 27 October, 1999 the RGC has actively involved with its partner in order to finalize the Pilot Project on Demobilization, whose implementation will commence on 1 May, 2000. I would like to take this opportunity to thank from the bottom of my heart to all external partners for their attention and generosity in providing financial and technical assistance to this project. Even though so far the pledge is only USD1.74 million, thus does not cover the whole costs of this pilot demobilization project, the RGC

remains optimistic about the project implementation phase. To display its goodwill and strong commitment to demobilization, the RGC has decided to use its own limited resources as a counterpart fund to pay the departure allowance of USD240 per demobilized soldier within the framework of this pilot project implementation.

Our major concern at this stage is the procedural delay in disbursement for this project. I would therefore like to appeal to all donors to speed up aid disbursement and provide flexibility to improve the efficiency and ensure the success of this project.

The RGC of the second term of office is strongly determined and has endeavored to prevent and tackle the forest mismanagement, and improve the regulatory framework governing the forest sector. We have achieved encouraging results. Corruption and large-scaled illegal logging have been stamped out with the participation and full support by the Royal Cambodian Armed Forces (RCAF), relevant authorities at all levels, the civil society and Cambodia's external partners. The government's Progress Report on Forest Policy Reform, prepared by the Ministry of Agriculture, Forestry and Fisheries (MAFF) to this meeting has illustrated the achievements attained by the RGC in this area, reflecting the main directions of the reform process underway.

Over the immediate to short run, attention will be given by the government to establishing and strengthening a mechanism to monitor forest crimes and ensuring sustainable management of forest concessions. With technical assistance from the ADB, the RGC has commenced the review of all concession agreements and expects to finish this review in late April 2000. Based on the outcome and recommendations of the review, the RGC will cancel

the agreements or re-negotiate each agreement as required. To strengthen the forest concession management, a sub-decree on forest concession management was passed by the Cabinet meeting in February 2000. At the same time, the RGC is improving the draft Forest Law, which is expected to submit to the Parliament for adoption in mid-2000.

Overall, the implementation of the government's forest policy has been fruitful and successful. We will rigorously implement further this policy. However, while stamping out large-scaled illegal logging, the RGC is also concerned with some other challenges. Illegal clearing of natural forests and tree plantations for personal land use in all parts of the countries has become a hot issue, which requires immediate attention and solution. As the Head of the Government I have taken personal interest in addressing many cases of illegal land grabbing. In 1999, the RGC confiscated many plots of land grabbed by some powerful, crooked officials or gave them back to the state or to their previous owners. Indeed, these measures were temporary and could not provide a long-term solution to this issue if the government fails to establish an adequate legal framework for land management. In this spirit, we are moving fast to finalize the draft Land Law and submit to the Parliament for consideration and adoption before June 2000.

Illegal tree cutting by the poor for home construction and day-to-day consumption, such as fuel for production purpose and firewood constitutes another challenge, which exerts increasing pressure on forest resources. It will take time to address this issue, for an alternative source of cheap energy needs to be identified, habits need to be changed and in particular the incidence of

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poverty needs to be alleviated. As an intermediate step, the RGC has taken a measure last year to reduce tariffs on certain energy imports—such as coal and gas to encourage the population to use these products as substitutes to firewood. The RGC welcomes any assistance to address this matter .

During the last two days, the meeting thoroughly discussed the government's project and actions in the implementation of the public service reform, which includes strengthening good governance and judicial reform in Cambodia. The RGC is conscious of the challenges in this area. We have embarked on this reform since the first term of office, notwithstanding the challenges and difficulties. This program is critical to improve the size and efficiency, and establish responsibility of the public service and the judiciary in Cambodia. We have established a necessary institutional framework to govern and implement this program. A detailed work program and action plan have been prepared and modified. On 31 March, 2000, the Cabinet met the whole morning to make assessment and evaluation of the preparation for project implementation. The RGC has successfully implemented the first phase of this complex program, i.e. civil service census. The preliminary result of this civil servant census established the real government payroll of 158,498. During this census, 6,091 irregular workers were removed from the government payroll. The second phase of this project will focus on the strengthening of IT -based management, including the introduction of a computerized payroll, with the data on civil servants salary scales, their status and dependents to be entered into the computer. This will allow the government to introduce the budget-based management, upgrade the capacity and provide training to civil servants. While working in these areas,

the RGC has initiated the four axes of civil service reforms:

The first axis: strengthening the rule of law, including the functional review of government ministries and agencies identify responsibilities for civil servants and compile them into a separate document;

The second axis: strengthening good governance, introduction of a management system based on deconcentration and decentralization and establishment of a mechanism and an action plan to combat corruption;

The third axis: improving human resource management, drafting a separate statute of civil servants, introduction of new salary scales, census and IT -based management;

The fourth axis: shifting towards the preparation and implementation of the priority groups concept.

You are aware of the programs, action plans as well as the schedules for their implementation. What I would like to stress now are the challenges faced by the RGC during the implementation of program on deconcentration and decentralization in order to devolve the power from the center to the grassroots level. The RGC hopes that the up-coming communal elections will give two values to the Cambodian people.

First, strengthen democracy at the grassroots level, whereby the people will exercise their rights to elect the leader they like;

Second, improve the efficiency of public services at the grassroots level. The two factors will help us strengthen democracy, promote the respect for human rights, improve the management efficiency and create conditions for development in all areas.

At the same time, we should recog-

nize that management system based on deconcentration and decentralization will require thorough preparations in terms of legal framework and regulations and capacity for enabling management and the exercise of rights and power at the grassroots level. Given the current situation, Cambodia will need assistance in all fields and close cooperation with its development partners in order to achieve this goal. Nevertheless, I would like to assure our development partners that the RGC has strong political will and determination to successfully implement this program.

In Cambodia's move towards progress, the RGC regards good governance as a backbone of the reform programs in order to ensure its sustainability and sustain the newly re-established momentum, which is still fragile. 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. As I have stated on many occasions, 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 and strengthening good governance. Moreover, a number of important laws have been drafted and submitted to our legislative bodies, such as the recently passed Audit Law and the draft Law on Budgetary Discipline, 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

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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.

However, what I want to emphasize now is that in order to meet these challenges, it is not enough to require full implementation of the principles of democracy, through public participation in decision making and tough administrative measures. It will also be needed 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 with an appropriate policy, strategy and plan of action.

With strong political will, participation by the people from all walks of life and technical and financial assistance provided by the donor community, the RGC hopes to attain these ambitious goals. Taking this opportunity, I wish to appeal to the donor community to pay more attention to the local capacity building. Cooperation and partnership with strong coordination in this matter

will help Cambodia strengthen itself as soon as possible and ensure the ownership of its own destiny and its reform programs.

1999 was a turning point, paving the way for a new phase, which begins in 2000. The year 1999 has also witnessed that Cambodia is moving and re-activating, by restoring the momentum of economic growth, creating employment and purchasing power, reconstructing its infrastructure and expanding its network of economic relations. However, we have many major challenges to be addressed in order to sustain the momentum:

- (i) Maintain favorable conditions for the recently gained peace, security and national reconciliation;
- (ii) create a strong and sound foundation for long-term and high economic growth;
- (iii) ensure equity in trickling down economic growth in order to prevent the risk created by the widening gaps between the have and the have-not;
- (iv) promote environmental protection and prevent the degradation of natural resources; and
- (v) Strengthen good governance, which is the backbone for successful implementation of the government's strategy of poverty alleviation.

After the last two days' deliberations, you can see that the RGC has strong political will and commitment, as well as clear policies, strategies, programs and action plans to address these pressing challenges. Indeed our capacity is still limited. Therefore, we are in need for generous assistance from our external partners in order to achieve

our ultimate goals.

As I have raised on many occasions, Cambodia has currently enjoyed favorable conditions, which will enable economic take-off. This is comparable to the plane leaving the ground into the sky requires the acceleration of the speed, Cambodia needs massive influx of investment during the next few years to generate economic energy and accelerate the speed for the take-off. As the economy has reached a level of development, which can maintain the normal speed, investment requirements will be reduced to an appropriate level in order to ensure growth and sustainable development. Therefore, I have sought the understanding of Cambodia's development partners and donors on this important point and we are looking for an increase in aid in the next few years, so that Cambodia is well prepared for the economic take-off.

According to the assessment of Cambodia's needs of public investments for the medium term, from 2000 to 2002, a total of USD 1.5 billion are needed over the next three years in assistance. Therefore, our average need is about USD500 million per year. This is the last message that I would like you to report to your governments and leaders of your agencies, so as to allow them to prepare programs contributing to Cambodia's development. We have prepared comprehensive documents highlighting the strategies, programs, action plans and resources needed for public investment to submit to all donors for their consideration and deliberations at the upcoming CG Meeting in Paris.

In conclusion, I would like to extend to all of you my best wishes for your good health, the success of your missions and all the best. We shall meet again at the CG meeting to be held in late May 2000 in Paris. ■

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view to ensuring peaceful international co-existence, based on the principles of mutual respect, shared interests, fair and shared responsibility between the rich and the poor, on the one hand, and developing and developed nations on the other.

Cambodia is a small nation, still at the lower end of the global spectrum characterized by wealth and prosperity at one end and abject poverty and deprivation at the other. At this meeting we have no grand success stories to cite; nor lessons for you to learn from. We are here to learn from the deliberations, which will surely touch upon many aspects of the subject before us.

However, as a nation, we also have a vision for our future. I shall therefore endeavor to take some of your time to voice the aspirations, needs and concerns from our perspective in respect of the new world order for the deliberations at this meeting. You may be aware that most of what I will say is well known, as I have elaborated on this issues at a number of fora, including the UNCTAD-X conference held recently in Bangkok. Nevertheless, I believe that these issues warrant repetition.

Let me now turn to more general issues affecting the whole world. We have all witnessed how "Globalization" has become a watch-word and a catch-word in the past few years. But, like "beauty being in the eyes of the beholder", it has also come to connote different meanings to different groups, participants and observers. On this occasion, therefore, it is better for all of us to get to grips with what we all mean by this word.

For most part, "Globalization" is talked of in economic terms, of free trade without borders, which we all heartily subscribe to. However, in practice, this free trade has been acting mainly in favor of those who seek abundant resources, markets and profits. But, for those who want to get on the bandwagon of fast growth and prosperity and sell goods to developed markets, this free trade philosophy, sadly, also comes with domestic-policy based barriers in the consuming countries. Protection of one's labor force against

healthy competition is the basic driving force is the cause for creation of such barriers. For example, commodity prices stand artificially lowered through substantial subsidies in the developed countries. Modern technology and even life-saving medicines on the other hand are over-priced and beyond the means of the needy. Free competition is still a somewhat one way street.

Much needs to be done to encourage and enable developing countries to reach their full potential and to use their comparative advantages in low-cost productivity factors. Attaching unreasonable and stringent conditionalities to use of such factors and to achieve standards which took centuries to be reached elsewhere, thwarts and negates the under-lying principle of growth and free trade.

Relying too much on free market mechanism to reap short-term benefits has wrecked havoc to Southeast Asia and East Asia during the last two years. The impacts of the financial turmoil in the region have resulted in large-scaled tragedies that cannot be gauged; billions of dollars were lost, tens of thousands of children were dropped out of school. The experiences drawn from this crisis show that the poor are the most vulnerable and the most affected by the crisis. Therefore, there is a dire need for the establishment of a social safety nets to prevent future crisis and for the enactment of regulations and the adoption of some policy measures to ensure smooth operation of the market mechanism. The world has spent a lot of time to discuss the need to establish social safety nets and the a new financial architecture, to control capital flows and speculative operations in the financial markets. However, it is regretful that so far there is no concrete, tangible outcome. It is time to end this rhetoric and grapple with concrete actions to resolve the cross-cutting issues, currently faced by the world economy and financial system in order to maintain decent social safety nets for million of people, who are scattered around and vulnerable to all kinds of crisis. International financial institutions, at both world and regional levels, should play a crucial role in this endeavor.

Moreover, globalization cannot be discussed in the abstract only in regard to

economic liberalization. The envelope has to be expanded beyond its restrictive economic and free trade parameters. It should extend to achieving a common minimum level of human condition the world over in the shortest possible time. This has to be in essence the goal of all development. While various tools to achieve this goal, such as economics and free trade, need to be discussed in depth and agreed upon in a somewhat segmented fashion, we should never lose sight of the final goal of sustainable development, not only for a few, but for all humanity.

In this sense, with over a billion people in poverty, more nations and people in the less privileged and deprived category compared to the few who have excesses, and the ever enlarging gaps or the economic-divide between the haves and have-nots, our final goal is still sometime away from sight. The various dogmas, strategies and formulas tried so far all around the world have worked successfully for some, for some time or have certainly catered to their "present". At the same time, they have also unleashed new problems for the "future of all" through large-scale depletion of irreplaceable resources and environmental and atmospheric degradation to such an extent as to threaten human survival in the longer-term. Fast growth in one part of the world and demand for goods and services engendered there will not alone start a trickle-down effort for the billions of poor people elsewhere.

We therefore stand at an important juncture to invent a new inclusive "developmental paradigm" which will benefit the many and uplift them to acceptable levels of human condition. This new paradigm has to be based on age-old human "values", away from the narrow ones now driven by stock-market prices and wallets.

An essential ingredient for the future should be to reinstate the sense of "sharing" which has governed human existence from the dawn of history but has somehow got diluted in the race for economic growth in the recent few centuries. In a more development sense this sharing has to extend to more transfer of financial, technical and technological resources and open op-

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portunities to poor countries in the South to participate fully and on equal footing in free trade to developed markets without hidden conditionalities and domestic subsidies. In this sense, a good step has been taken to write-off the heavy burden of outstanding loans to some of the poor countries. I would like to appeal to further develop this initiative by adding extra funds to help the Highly Indebted Poor Countries (HIPC) and this has to extend to many other countries including Cambodia through a global strategy for external debt, consisting of flexible formula for debt reduction and rescheduling. In addition, more "grant" rather than "loan" funds have to flow to them for development till they reach a minimum threshold.

The developing countries have their part to play as well in protecting human rights and the environment. They have to adopt and apply measures to preserve and use natural resources in a sustainable manner so that they continue to provide sustenance and support to all future generations as well. They would need of course need free or subsidized availability of expensive technology to contain environmental pollution arising from manufacturing processes.

I have only outlined with the broadest strokes of the brush the global needs to be debated and analyzed so that common consensus could be reached on measures acceptable to and implementable by all. I am convinced that given the vision and commitment for the future of mankind, which we all agree upon, these are entirely achievable.

I have no ready solutions or answers to the myriad issues involved in charting the future. But, as I had said on another recent occasion, the world leaders have a rare and grave responsibility to do some real soul-searching as we step into the new millennium. We have to consider establishing a new world order, through new institutions or new agendas, or by improving or re-directing the existing institutions in order to make sure that all developing countries can share fairly and equitably the fruits of globalization. In this context, I believe that strengthening the

cooperation between the North and the South, and among the countries of the South is very crucial in charting the agenda for our world order. May I raise a number of issues related to this important topic in addition to what I have said.

First, developed countries have their duties to formulate and implement the economic and financial policy, aimed at creating favorable conditions for stability and acceleration of the world economy, including prudent conduct of monetary policy, expansionary interest rate and fiscal policies to boost demand and the development of a transparent and accountable world financial order.

Second, We have to consider the new partnership between the North and the South to put forth measures allowing developing countries to meet effectively the challenges of globalization. Especially the developed countries should discharge their duties with regard to global free trade by opening access to their own markets and by providing unconditional, favorable treatment for developing countries. At the same time, care should be taken to design policies to promote the flows of investment, technology and new knowledge to poor countries in the South.

Third, we should pay much attention to strengthening cooperation among countries in the South. G-77 countries should join forces into one block to protect the interests of developing countries on the international arena, especially in the United Nations and at other international negotiations, such as the World Trade Organization (WTO). To this end, we have to consider measures to promote and improve our world body. Cambodia voices support for the reform of the United Nations. We understand that it is necessary for all of us to strictly uphold the Charters of the United Nations and strengthen the role of the Security Council in the peace-keeping process in the world. At the same time, we believe that developing countries should enhance their role in charting the future of the world within the framework of the UN Security Council. In this sense, Cambodia expresses full support for India as a candidate to occupy the permanent seat at the Security Council. Moreover, we warmly welcome the initiatives to establish a mechanism to

coordinate the positions and follow up the work of the South. Cambodia feels that the idea to create the Monetary Fund, the Stabilization Fund and the Economic and Social Development Fund, proposed by Madagascar at the Conference of Heads of State or Government of Non-Aligned Countries held in Durban, South Africa, in 1998, is a good initiative which deserves thorough consideration.

Fourth, we should make common efforts to strengthen cooperation among the South in the economy, technology and science, which I believe, will largely benefit all our people and ensure efficient use of the potentials, comparative advantages and our domestic resources with the view to ensuring long-term, sustainable development.

In concluding, Mr. Chairman, may I appeal once again to all world leaders to seize the opportunities presented by the dawn of the new millennium to make a careful assessment of the past achievements and the price that we have paid to attain this achievements. We should also envision any future disaster and put forth the initiatives to establish a new world order and new partnership among us, between the North and the South, and among the South. I am confident that this will be able to save the world and ensure its safety, sustainability and equity in thousands year to come. We can achieve this important objectives through coherent cooperation. Should we work in collaboration and solidarity, we will be heard as a single voice, full of courage, ambition and strong will in the march to achieve our sacred goals, i.e. to make a new face and to chart a new world order for the new century and the new millennium. Though Cambodia's capacity is still limited, we are well prepared to participate in these world efforts...■