

# Cambodia New Vision

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## Address of Samdech Prime Minister Hun Sen to the Inauguration Ceremony to Launch the New "First Power Plant," Investment of Jupiter Power

## Samdech Hun Sen Addressed the 22<sup>nd</sup> ASEAN Agriculture & Forestry Ministers Meeting (Phnom Penh, 26-27 October, 2000)



It is a great pleasure for me to be here with the management and the officials of the Ministry of Industry, Mines and Energy (MIME), the workers and personnel of Electricité du Cambodge (EDC), the personnel and employees of Jupiter Power Cambodia, as well as the people living here, to inaugurate and launch the new 15 MW First Power Plant, an investment of Jupiter Power Cambodia to supply electrical power to Phnom Penh.

I recall that Phnom Penh's 35 MW First Power Plant at Chak Angre was put into operation in 1996. This plant has met the power needs of Phnom Penh, which have increased commensurably with the level of economic growth and the country's development. The launch of this 15 MW power plant by Jupiter Power Cambodia is another step forwards in developing the country's infra-

structure sector, in particular the electrical power sub-sector, which is instrumental for generating sustainable economic growth over the long term.

There are still many more power plant projects to be undertaken so as to expand the power network throughout the provinces and rural areas. Given the capital shortages, the Royal Government of Cambodia (RGC) has embraced the public-private partnership in promoting investments in the energy sector. This partnership is a key strategy aimed at meeting the demand for energy in Cambodia, which is rising everyday commensurably with the level of economic development of the country and the increased prosperity of the people. The cornerstone of this strategy is to encourage private in-

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It is a great honor for me, on behalf of the Royal Government of Cambodia (RGC) and myself to extend a warm welcome to you, Excellencies, Ladies and Gentlemen, at this august meeting.

One year after joining ASEAN, Cambodia is proud and greatly honored to host the 22<sup>nd</sup> ASEAN Agriculture and Forestry Minister Meeting. It is also for the first time that Cambodia has played host to an ASEAN ministerial meeting. I hope that you all would kindly forgive us for any shortcoming in the preparation and organization of this meeting.

The ASEAN Vision 2020 has given special attention to the cooperation among ASEAN members in food, agriculture and forestry. Our long term objectives in this cooperation are to enhance food security and international competitiveness of food, agricultural and forest products, to make ASEAN a leading producer of these products, and promote the forestry sector by ensuring the protection and conservation of forest resources in the region for sustainable development. I am confident that you will share with me the view that ASEAN has the potential to achieve these ambitious goals and aspirations.

Moreover, the objectives of the ASEAN Visions have become even more important at present, due to the following main reasons:

First, the financial crisis, which has

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vestments in sectors, where they have comparative advantages, especially in electrical power generation, whereas the RGC should mobilize and well target its scarce resources for the development of those sectors which the private sector cannot develop. I share the view expressed by H.E. Suy Sem, that the development of the electrical power requires a massive investment, which the RGC alone is not in the position to undertake. Therefore, it is necessary to encourage more and more private investors to get involved in electrical power generation to complement the development efforts of the government.

I wish to stress that the objectives of investments in the power sub-sector are not geared towards only adequately meeting the consumption demand, but more importantly it is necessary to ensure the efficiency, the quality and an uninterrupted supply of power at a reasonable price. By efficiency I mean the form of electrical power management that economizes the resources, keeps power loss within the norm, utilizes less raw materials with a maximum output. The quality means that electricity supply or electrical power to be supplied to the consumers should meet the an appropriate quality standard, is reliable, predictable and do not disrupt the production process or damage consumers' equipment and appliances. Uninterrupted supply means provision of electrical power without a blackout. Appropriate price means a price that is set in a transparent, fair and equitable manner so that the consumers can afford to pay, reflecting the economic conditions and the reality of the country.

In this spirit, I would like to draw the attention of the MIME's officials and management to four main criteria in vetting investment proposals for power generation:

Firstly, ensure transparency and fair competition in selecting investment companies;

Secondly, the amount of capital and the investment conditions should conform to market demand;

Thirdly, the schedule for investment project implementation should be realistic and rapid, reflecting the increase in demand and consistent with the RGC's master plan and the strategic plan for the development of the electrical power sector.

Fourthly, electricity charges should be determined at an appropriate level in a fair and equitable manner, weighting all aspects and investor's interests with those of distributors and consumers.

The RGC's policy for the electrical power is not only to open this sector for private investments, but also to establish a favorable, fair and reliable climate for private investment in Cambodia. I am aware that at present potential investors are concerned about the safety of their invested or to be invested capital and the ability of the EDC as a wholesaler of electrical power in Cambodia to pay.

To ensure transparency and fairness in power business and to protect investors' capital in this sector, the RGC has submitted to the Parliament the draft Electricity Act for approval. It is envisaged to set up an independent authority with due competence to draft laws and regulations, coordinate and regulate the supply and demand of electricity. The RGC is confident that the Electricity Act, which will be passed in the near future, will provide adequate legal framework for the electrical power sub-sector and create a clear legal foundation for private investment and trade in the sub-sector. This includes the principles for protecting consumers' rights and private property in delivering electricity supply services, and ensuring a competition in providing electricity services.

To address another concern of the investors in terms of the ability of the EDC in ensuring payment in accordance with the agreement on the

purchase of electricity, the RGC has taken strides to transform the EDC into a public enterprise with its own financial standing, with which investors can have a reliable business. The MIME and the Ministry of Economy and Finance (MEF) has actively collaborated with the World Bank and the Asian Development Bank to conduct a study and establish an action plan, which will be implemented to reach these objectives. In fact, concrete measures have been taken to allow the EDC to gain solid financial standing and the results are very positive, reflecting the improvement in the financial statement of the EDC.

I am also aware that another complicated issue is that both investors and donors are concerned about the arrears of the government ministries and agencies are increasing, thus adversely affect the solvency of the EDC, especially its ability to pay power producers. It is true that a number of government ministries and agencies have not economized on the consumption of electrical power, squandering public resources. Actual power consumption by the line ministries far exceeds the budgetary allocations of the annual Budget Law, resulting in a substantial increase in arrears by the ministries vis-a-vis the EDC. I raised this issue on 7 April, 2000 during the Ground-Breaking Ceremony for the Expansion of Power Supply Capacity around Phnom Penh within the framework of a Japanese government grant aid. I proposed that the MEF and the MIME should meet and consider remedy options and report to me immediately the recommendations on how to prevent such a problem in the future. To this end, I signed a few days ago a governmental announcement on measures to prevent the line ministries from consuming electrical power more than budgeted and from the creation of arrears with the view to economizing public money, strengthening work discipline, upholding budgetary discipline and improving the financial standing of the EDC. I hope

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that these measures will help effectively address the challenges with which the EDC is facing.

Investment by Jupiter Power Cambodia in the power sector is another important testimony to the improvement in the prospect of Cambodia's development and the increase in investor's confidence in the situation in Cambodia. Most importantly, this investment is long-term in nature and meets Cambodia's development needs. The RGC has made its utmost to promote private sector's role and to ensure that the private sector is an engine of economic growth and a government's partner in development. Today we all are very proud and happy from the bottom of our heart to witness this achievement, which is the product of our correct policy... ■

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hit the region during the last two years, highlighted the special role of food security and agriculture in effectively responding to the crisis and coping with the impacts of financial turmoil on the economies and the livelihoods of millions of people. More importantly a robust food sector and a well-entrenched agriculture are capable of mitigating the impacts of this tragic, frontal attack caused by the natural disasters, such as the current flood, wrecking considerable havoc to some poor, down-stream countries of the Mekong, such as Laos, Cambodia and Vietnam. In this sense, food security is on the top agenda for the majority of countries in the region. It is true that ensuring food security for each nation and the whole region represents a big challenge requiring considerable common efforts, including macroeconomic reforms, appropriate utilization of scarce resources, dramatically increased investments in infrastructure and improvement in productivity through Research and Development.

Second, as ASEAN economies continue to recover from the financial crisis, our main concerns are competitiveness of the regional economies in the international markets. Therefore, we should not only seek self-sufficiency in food at the regional level, but also should have a long-term vision beyond this. To enable ASEAN countries, most of which endow with great potentials in agriculture, to play this key role in the international markets in exports of agricultural and forestry products, attention should be paid to the improvement in our standards and product quality. At the same time, one should recognize that free trade is a two-way street, which require from the producers to improve standards and upgrade the quality of their products in response to market demand. Moreover, it also requires from their partners on the other side, mainly developed nations, to have genuine willingness to bring down barriers and obstacles aimed at protecting domestic production and improve market access.

In this sense, ASEAN Agriculture

and Forestry Ministers have deployed tremendous efforts and put forth initiatives, in particular within the framework of a Strategic Plan of Action on ASEAN Cooperation in Food, Agriculture and Forestry 1999-2004. I am confident that the current ASEAN Agriculture and Forestry Minister Meeting will enable ASEAN cooperation in this area to move forward through the implementation of the existing programs and action plans and the adoption of new initiatives. In this context, I would like to encourage the meeting to consider the possibility of providing support for the idea of establishing a network of institutions for research and development of rice production in the region. Most of ASEAN members have great potentials in rice production. However, the gaps among members in the research and development capacity are still large. Therefore, the promotion of cooperation in this area will further strengthen the production capacity and food security in our region.

Cambodia wants to be an equal and efficient partner in dealing with all ASEAN affairs. Cambodia is well prepared to contribute to this process. Cambodia did not join ASEAN with bare hands. The commitment to democracy, the respect for human rights, the prevalence of peace and national reconciliation in the country, especially the dismantling of the political and military organization of the Khmer Rouge - a major source of long-term instability in the country and the region - all are of paramount importance to ASEAN.

Moreover, capitalizing on the rare opportunity created by the accomplishment of national reconciliation and peace that prevailed in all parts of the country, the RGC has implemented with strong political will its political platform with a view to rapidly reducing poverty and establishing a solid foundation for long-term economic growth and sustainable development. The reform programs focus on four main sectors:

First, demobilization of the armed forces, mainly downsizing the army;

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Second, administrative reform, which aims to improve the efficiency of public services and ensure good governance;

Third, judicial reform, which will result in the strengthening of democracy and the rule of law and promoting the respect for human rights; and

Fourth, economic reform, which geared towards maintaining macro-economic stability, strengthening the banking and financial system, promoting fiscal reforms and sound management of the public assets, increasing investments in physical and social infrastructure and developing human resources. The main objectives are to establish a solid foundation for long-term, sustainable economic growth. In its efforts to reduce poverty, the top priority is given by the RGC to agricultural development, natural resource management and environmental protection, especially in the forestry sector. The RGC's agricultural development strategy features a two-pronged framework – one that embraces rapid, sustained and equitable agricultural growth and the second empowerment of the poor. The first prong is the growth-mediated approach whose main thrust is to invigorate and modernize the agricultural sector, generate employment, enhance household incomes and improve the access of the less privileged to food. Modernization, in the context of Cambodian agriculture, a small holder and dynamic agriculture (making use of appropriate technological innovations) where farmers have control over their production environment. Among others, the growth-mediated approach calls for the maintenance of a consistent macroeconomic and agricultural policy framework that promotes an environment conducive to increased private sector participation in agricultural development and encourages public and private sector investment in essential infrastructure, provision of public goods and human resource development. Such a strategy seeks to promote rapid and sustainable increase in productivity through the adoption of suitable, productive and cost-effective tech-

nologies such as small-scale, farmers-controlled, private irrigation facilities and crop diversification and intensification.

The second prong is the entitlement-mediated approach which empowers farmers, rural poor and other vulnerable groups to enhance their ability to participate in the growth process. It focuses on improving these groups' access to land, water and other production inputs for sustainable livelihood, food security and overall socio-economic development. Given the goals of poverty alleviation, food security, environment-friendly, sustainable growth, global competitiveness and principle of equitable development, the strategic framework for agricultural development would center on the following components:

- (i) maintenance of an appropriate macroeconomic framework and a favorable policy and institutional environment, including the policy of land tax exemption for farmers;
- (ii) accelerated and sustainable irrigation development including a greater degree of water control (and drainage) by farmers;
- (iii) development of highly productive and diversified farming systems;
- (iv) accelerated program for tilling and distribution of agricultural lands;
- (v) development of an export market for rice and other agricultural products along with processing and product quality control facilities;
- (vi) strengthening essential agricultural support services and functions including extension, research and development, marketing, credit and input distribution;
- (vii) expansion of livestock production with emphasis on animal health services, nutrition and range management and small-scale poultry and swine

production and establishment of feed processing plants;

- (viii) improved management and introduction of appropriate technologies for rice fish farming and aquaculture;
- (ix) promotion of community-based forestry, agro-forestry-livestock farming systems and protection and management of critical watersheds and
- (x) strengthening the capacities of government ministries and agencies at all levels, at both central and provincial, to promote rural and agricultural development.

The RGC has given special attention to the establishment of a favorable policy environment, which would, among others, preserve and maintain a liberal and market-oriented trade environment, deregulate further the exportation of agricultural products, develop products quality standards by encouraging private investment in appropriate infrastructure and facilities for post-harvest handling, storage and processing. At the same time, we are preparing the necessary legal and regulatory framework, especially the commercial code and relevant laws and institutional arrangements for efficient and cost-effective resolution of conflicts to enhance transparency and accountability and reduce transaction costs. Through this work and efforts, Cambodia hopes to strengthen its own capacity, and beyond this, to duly contribute to the enhancement of food security, agriculture and forestry development in the region... ■

**Samdech Hun Sen Addressed to  
the Ceremony to Transfer the International Telecommunications  
Centre to the Ministry of Post and Telecommunications (PTT)**  
( Phnom Penh, 9 October, 2000 )

It is a great pleasure for me to attend today's ceremony marking the transfer of the International Telecommunications Center from Telstra to the Ministry of Post and Telecommunications (MPTT)... At this moment, I recall the beginning of the cooperation between the MPTT and Telstra in 1990, which was mainly the cooperation between the Department of Posts and Telecommunications and OTC Australia. As H.E. So Khun, Minister for Posts and Telecommunications said in his report, this cooperation emerged at the time when Cambodia was going through the political and economic transition. Moreover, at that time Cambodia was subject to an unjust economic embargo imposed by a number of countries. It means that Telstra was present in Cambodia at the time when the country experienced difficulties, and political and economic uncertainty. As Mr. Charlie Zoi, Telstra Executive Director, who had attended the inauguration ceremony to launch with me the International Telecommunication Center, said on 3 December 1994, *"In 1990 only a few companies took the risk of investing in Cambodia, because Cambodia was at war, the physical infrastructure was weak and the political situation was uncertain."* I believe that Telstra's decision to invest in Cambodia at that time was bold, correct and visionary, for which I wish to express my sincere and deep appreciation. I also would like to express our pleasure and deep appreciation for the achievement arising from the Business Cooperation Contract (BCC) during the last 10 years. This has contributed to the rehabilitation and development of Cambodia in line with the government's policies and the aspirations of the Cambodian people.

Telecommunication services are widely recognized to have contributed to the development of the national economy, in particular in the age of globalization and in a knowledge and information-based digitalized economy. Indeed, the state-of-the-art tele-

communication system vastly covering both urban and rural areas will:

**Firstly**, increase the efficiency of the production process and substantially reduce the costs of production;

**Secondly**, facilitate market operations through increased timely and direct access by all market players (both sellers and buyers) to information and reduce the needs for intermediaries, thus saving a lot of time and cutting information and other transaction costs.

**Thirdly**, improve management efficiency and public services provided by the government; and

**Fourthly**, open a wider access to worldwide network of information through electronic means, such as the Internet and e-mail, which provide a solid foundation for effectively sharing the win-win situation in the age of globalization characterized by the development of e-commerce. This is critical for reducing and bridging the digital gap, which has been considered widely as the main challenges of globalization.

Recognizing the importance of telecommunications in economic development, the Royal Government of Cambodia (RGC) has put forth the following visions for the development of this sector for the next 10 years:

First, establish the physical infrastructure based on a state-of-the-art telecommunication system and appropriate technology, which is capable to provide consumers, especially the business community, with modern and low-cost telecommunications services at the same level of countries in the region;

Second, expand the telephone and Internet network to cover all parts of the countries, including urban and rural areas for economic, business, edu-

cational, social and administrative purposes.

In so doing, Cambodia will be capable of participating in the regional technological initiatives, such as the E-ASEAN project and will be able to compete effectively with developed countries in the world with the view to achieving viable and sustainable economic development over the long term. To materialize this ambitious vision, attention has been given by the RGC to mobilizing investments for this sector through its own budgetary resources, external assistance and private investment. More importantly it is necessary to ensure that the technology being used in Cambodia should be the most modern in order to prevent from using the country as a dumping ground for obsolete technology.

Cambodia has the opportunity to leap forward as far as the telecommunication sector is concerned, since the physical infrastructure for telecommunications has been put in place by the business cooperation contract with Telstra and it still can be used in the years to come. The RGC has made considerable investments in this sector. Moreover, we have received substantial assistance from a number of development partners, such as Japan, France and Germany. After completing a feasibility study by the end of 2000, a new optical fiber transmission network will be put in place with Germany's assistance in the near future. At the same time, five other telephone operators have endeavored to strengthen and expand their telecommunication services in terms of infrastructure and coverage in Cambodia.

As reported by H.E. So Khun, the telecommunication sector has witnessed a progress on all the fronts, especially in the use of technology. However, we should also recognize that are difficulties and challenges. At present, Cambodia's development capacity is still weak among ASEAN members, especially in the telecommunication sector. Thus, we should pay attention to restructure our management and policy for this sector by ex-

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panding the physical infrastructure, such as the switching and the optical fiber or microwave transmission network inside the country and develop an efficient, safe, modern and low-cost gateway to neighboring countries and the world. Over the immediate to short term, the MPTT should establish an enterprise to conduct this business according to the existing laws and regulations. This should be done in a transparent manner so as to provide this enterprise with sufficient autonomy in developing the telecommunication services and effectively responding to tough competition with other telecommunication service providers at present and in the future.

Indeed, care should be taken to ensure smooth operation of the existing facilities and protect this important source of income for the government budget. As I stated earlier, the RGC and other development partners have heavily invested and will continue to invest in this telecommunication sector. Moreover, the experiences worldwide show that there are considerable income potential from the telecommunication sector for the government budget. Thus, the MPTT should continue to strengthen its own capacity and establish a legal and regulatory framework so that it can play a role of a good strategist and regulator in this sector.

From tomorrow the 10th October, 2000 the RGC will become the full owner and assume full responsibility for the international telecommunication infrastructure, public telephone, operations and maintenance of the facilities for our own national interests. The most important test in the near future is to ensure the sustainability and normal operation of the international gateway and to develop further these facilities. To assure the ownership of this important telecommunication infrastructure, the MPTT will have more work to do in the future.

The international gateway will have to operate in a much more different environment, since the RGC has introduced competition in providing the international gateway services. The RGC has granted a license to establish

another international gateway in order to bring down the telecommunication fees and improve the quality to benefit the consumers and the economy as a whole. This is another important turning point for telecommunication reform in Cambodia. To achieve this goal, the MPTT will be required to protect the government interests and ensure a free and fair competition climate of the telecommunication markets in Cambodia. In particular, attention should be given to improve good governance and ensure transparency in granting license and managing the international gateway. The key is to ensure the interests of all players involved, both consumers, telecommunication providers and the government. The rules of the game in this sector are not to bias in favor of any strong competitor.

Moreover, I understand that ensuring the sustainability and normal operation of the international gateway should not be the sole responsibility of the MPTT alone. This responsibility is also relevant to other ministries and agencies, such as the ministries of Economy and Finance, Interior and the CDC. I would like to urge that all relevant ministries and agencies cooperate and work with each other to develop the telecommunication sector, for this is the strategic sector, which ensures sustainable economic development...□

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eration. and assistance from the external partners in this important area.

I am confident that the International Poverty Alleviation Day will create a new culture in all social strata both within the national and international community. It is the culture of struggling against poverty, the culture of sharing and the culture of respect for the dignity and rights to life in order to achieve full human potential.

In conclusion, I deem it necessary to announce to all Cambodian compatriots and the international community, in particular our major donors that, even though Cambodia has been hard hit by this severe flood, which will inevitably have an adverse impact on economic growth and poverty reduction, this natural disaster will not effect the RGC's wide-ranging, deepening and ambitious reform programs that are being implemented. The RGC will do its utmost to speed up the reforms in order to improve their efficiency. We will certainly die or will experience even more difficulties should we abandon our reform objectives, for which we have made tremendous efforts in the past. I would like to take this opportunity that appeal to all government ministries and agencies at all levels to continue rigorously our bold reform measures that have been put in place... □

role in the service delivery and the improvement in capabilities. This requires a focus on the quality and availability of services for the poor. Therefore, our top priority is to ensure successful implementation of the public sector reform including the following:

**First**, accelerate the reform of the state through the implementation of the action plans for demobilization, administrative and fiscal reforms with the view to strengthening the rule of law, improving the efficiency and quality of our administration and service delivery and consolidating the foundation for the market economy.

**Second**, expand decentralization and continue deconcentration of the system of administration to increase accessibility of essential services to the local people at grassroots level.

**Third**, deepening the legal reform and establishing a national program for judicial reform; and

**Fourth**, formulating and implementing with strong determination the measures outlined in the Governance Action Plan (GAP), which the RGC considers as the backbone for the success of the reform programs and the poverty reduction strategy.

At the same time, the government is exploring ways to promote private sector development and use the private sector means to improve service delivery.

These policies and strategies will be reflected in more details and depth in the Second Five-Year Socio-Economic Development Plan and the government's Poverty Reduction Strategy Paper. The Committee on Economic and Financial Policies, headed by H.E. KEAT CHHON, Senior Minister and Minister of Economy and Finance, with broad inter-ministerial representation, including the Ministry of Economy and Finance, the National Bank of Cambodia, the Ministry of Planning and other relevant ministries and agencies, has just finalized the draft Interim Poverty Reduction Strategy Paper (IPRSP). This IPRSP will be submitted to the Cabinet for ap-

proval in the near future. This document, prepared with broad and extensive consultations with government ministries and agencies, the donor community and the civil society, will provide important inputs into the Second Five-Year Socio-Economic Development Plan 2001-2005 and the full Poverty Reduction Strategy Paper (full PRSP), for which the Ministry of Planning will be the lead agency.

The RGC's objectives are to have its own poverty reduction strategies, which are consistent, comprehensive, realistic and feasible, with the participation and consensus among all players involved. In this sense, I urge all relevant ministries and agencies and the external partners, interested in supporting the preparation process, to work closely in the spirit of cooperation to make the Second Five-Year Socio-Economic Development Plan 2001-2005 and the full Poverty Reduction Strategy Paper (full PRSP) a success.

All of you will indeed share the same view as I do that the concept of human development has championed the people-centered approach to national policy-making. It is true that people is the sole objective of development. Therefore, development is construed to mean human development, since the welfare and prosperity of the people are both the means and the end of each nation's activities and efforts. In this sense, on behalf of the RGC, I would like to express our high appreciation and commend UNDP for always considering worldwide poverty reduction and human development as its top priority. At the same time, I would like to deeply thank UNDP for providing valuable technical assistance in preparing the Cambodia Human Development Report.

I am particularly pleased to note that the Cambodia Human Development Report 2000 has identified a great potential in improving the preparation of national plan, budget and aid coordination. This report has provided the government with some input in prioritizing sectors for human development by highlighting the importance of human development in the Cambodian

context. This is instrumental for improving productivity, reducing poverty and ensuring social stability.

Moreover, I am enthusiastic to note that this year's report specifically focuses on "children and employment in Cambodia". I believe that this report will play a vital role in supporting the causes of human development and formulating national policies for protecting children's rights by highlighting and drawing the attention of the public, both inside and outside of Cambodia, to the major issues in Cambodia, such as the increase in Child Labor Index, sex trade and other forms of exploitation of the children. I fully share the spirit of the report, linking child labor closely to two main concepts: human rights and human development. Human development should begin from children and should be geared toward improving their livelihoods and future by establishing favorable conditions and providing them with adequate opportunities to display their internal potential.

The RGC is extremely concerned about the expansion of child labor in Cambodia. Cambodia Human Development Report 2000 has revealed an alarming trend and the magnitude of child labor in Cambodia. The ratio of working children aged 15 to 17 has increased to 42 percent. Moreover, many children are involved in the bad forms of child labor, such as children trafficking for sexual exploitation and employment as construction workers and household maids.

At the same time, we should recognize that some forms of child labor, especially in performing basic household activities is an important means of transferring traditional knowledge, professions and skills from parents to children. This is true in particular the employment in Cambodia's traditional professions, such as handicrafts, processing and various forms of art and culture related labor.

Nevertheless, the RGC recognizes that protecting children rights is one of the main activities in the combat against poverty. The RGC welcome any coop-

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**Speech Delivered by Samdech Prime Minister Hun Sen on the International Poverty Alleviation Day and the Launch of the Cambodia Human Development Report 2000: Children and Employment**

(Phnom Penh, 16 October, 2000)

Taking the rare opportunity of celebrating this important International Day, I would like to elaborate on some visions and efforts to promote rapid poverty reduction and human development, which constitute the ultimate objectives and aspirations of the RGC.

During the last few years, Cambodia has gone through many ups and downs and has faced with many challenges. However, nothing can push Cambodia to the brink of turmoil and chaos. Having achieved favorable conditions created by the general elections in July 1998 and the full collapse of the military and political organization of the Khmer Rouge the Cambodia has ushered into a new era. This allows me to state without hesitation that Cambodia enjoys today unprecedented favorable conditions, conducive to development never seen during the last few decades. Most importantly Cambodia has achieved on its own genuine national reconciliation, political stability and peace, which has fully prevailed in all parts of the country. I have said on many occasions that for Cambodia this represents not only a golden opportunity, but a "diamond" opportunity for the country's development.

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

The main concept behind the Interim Poverty Reduction Strategy Paper (IPRSP) is that the RGC has responded to poverty by taking measures to accelerate economic growth, improve the distribution of income and wealth and promote social development. To ensure rapid realization of our poverty reduction objectives, at the National Workshop, held in May 2000, to launch the preparation of the Second Five-Year Socio-Economic Development Plan 2001- 2005, I highlighted the government poverty reduc-

tion strategies, which are based on three main components:

- (i) long-term, sustainable economic growth at an annual rate of 6 to 7 percent;
- (ii) equitable distribution of the fruits of economic growth between the have and the have-not, between urban and rural areas and between males and females; and
- (iii) sustainable management and utilization of the environment and natural resources.

Growth is the most powerful weapon in the fight for higher living standards. Faster growth will require government policies that encourage macroeconomic stability, shift resources to more efficient economic and social sectors, and integrate with the regional and global economy. However, the benefits of growth for the poor may be eroded if the distribution of income worsens. In this sense, the RGC has adopted concrete measures that target interventions to improve health and education outcomes. At the top of the list are female education to ensure gender equality, safe water and sanitation, child immunization, as well as social safety nets to protect the most vulnerable. The RGC has given attention to the social structures and institutions, which affect development, otherwise called social capital. In the spirit of this motto, the government's pro-poor policy has geared toward establishing a favorable environment to promote and generate economic growth without environmental degradation and equitable distribution of resources.

On the basis of our broad strategy, we have formulated the following policy response to poverty: (i) promoting opportunities; (ii) creating security and safety; (iii) strengthening capabilities; and (iv) generating empowerment.

The strategy to promote opportunities

is via strengthening macroeconomic performance, accelerating economic growth, promoting private sector development, developing the physical infrastructure, strengthening the energy sector, ensuring sustainable development of the agricultural sector, improving water resource management, advancing rural development and decentralization, ensuring a sound natural resource management, encouraging income generation activities, embarking on land reform and increasing access to microfinance for the poor. Though well-targeted programs for rural areas could have quick impact on the rural population, poverty reduction strategy should also give due emphasis to the development of the industry and service sectors. In this sense, our strategy not only calls for the modernization of agriculture but also the development of other sectors which could become powerful locomotives to help pull Cambodia out of the shackles of poverty.

Another main government strategy is to reduce the vulnerability of the poor by developing resistance to external shocks - the regional economic and financial crisis - and internal shocks, such as the precarious sources of income for the poor households or natural disasters. For example, the current flood has wrecked havoc and caused considerable damages and sufferings for all poor people. Thus, we are required to make further efforts for economic capacity building, increase the safety and the overall sustainability of people's livelihoods by focusing on investment in income generating activities for the people. It is also necessary to ensure security through the establishment and expansion of self-help

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and safety net programs, including promoting environmental protection and clearing landmines.

The government should play a crucial

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