

# Cambodia New Vision

Issue 36

January, 2001

**January 29, 2001**

Prime Minister Hun Sen Addressed the Closing Session of the Government-Donor Monitoring Meeting



“On behalf of the Royal Government of Cambodia (RGC) and myself, I would like to express our profound gratitude to all of you, Excellencies, Ladies and Gentlemen, for participating in this important meeting. At this meeting you have provided comprehensive, candid and constructive suggestions and recommendations and paying much attention to Cambodia's development and push the reform momentum to new high.

You have spent the whole day listening to the presentations and thorough clarifications of my colleagues on major topics related to the government's reform programs. Therefore, there is no need to repeat the details raised in the presentations. I wish, however, to take this opportunity to sum up the achievements resulted from the efforts deployed by the RGC to push forward the reforms during past year and highlight the government's resolve and determination to speed up the reform mo-

mentum. By doing so, we have made our utmost to address all the challenges and remove the impediments to ensure the sustainability of our actions, which are critical to the survival of our nation and the Cambodian people.

Overall, year 2001 is another turning point for Cambodia's reform agenda, as we have reached the mid-term of office for this government. Therefore, it is time for us to do an evaluation of the past achievements, draw experiences and lessons that we have learnt and set new directions to accelerate and deepen the reform programs. As you are aware, I have reiterated that the RGC will push hard to maintain and move this momentum further regardless of the difficulties or challenges. During the last two years after the July 1998 elections, Cambodia has witnessed considerable developments, notably the collapse of the political and military organizations of the

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**January 23, 2001**

Samdech Hun Sen Addressed the Plenary Session of the Association of Asian Parliamentarians for Peace (AAPP)

“ It is a great honor and pleasure for me to be invited to address the plenary session of the Association of Asian Parliamentarians for Peace. This conference is of great significance to Cambodia in our move forward to build and strengthen the culture of peace, after we have gone through a few decades of wars and incessant violence. We hope that this important gathering will make a valuable contribution to the promotion and the enhancement of peace in Cambodia and the region. Moreover, this conference provides us with the opportunity to deliberate and share views at the international level to forge the ideas and spirit of peace from all corners of the world. Hence, we will be able to put in place an appropriate mechanism to minimize violence, which has been the primary cause of destruction and

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Khmer Rouge and the integration of their forces into the mainstream of the society. This has brought peace to Cambodia for the first time over many decades. Having enjoyed peace, security, stability and unity of territory, which were difficult to attain, the Royal Government has adopted the most important agenda of speedy poverty alleviation and economic and social progress. We have formulated and subsequently implemented the "Triangle Strategy" with the view to getting over political games, to cleaning up internal and external political environment and creating conditions to put the country on the path of reforms.

Since 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 last two years, you are even more convinced 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.

With the Royal Government's strong determination and resolve, the efforts and support from the people from all walks of life, as well as the generous assistance provided by our external partners, we have definitely achieved national reconciliation, restored peace and stability in the country. Cambodia's image on the international arena has rapidly improved and the country is now fully involved in regional and world affairs. Moreover, our economic performance has been good, with positive growth during the last few consecutive years, while countries in the region were mired in a financial turmoil. Notwithstanding these

achievements, we should not be complacent. The ROC is conscious that its own capability is still limited and is deploying considerable efforts to further strengthen and improve those achievements. The year 2001 will witness a number of important developments, such as the organization of a tribunal to bring the Khmer Rouge leaders to justice and the organization of the commune elections with a view to promoting decentralization and strengthening democracy at the grassroots level.

After making the above introductory remarks, I would like to proceed to the evaluation and sum up the achievements made by the RGC in 2000, highlighting the strategies, policies and concrete measures put in place and implemented by the government to speed up the reform programs.

The performance of economic and fiscal reforms was strong, despite the most severe flooding in 70 years. Cambodia is moving decisively forward on the path of economic reforms, designed to maintain macroeconomic stability, strengthen the banking and financial institutions, implement fiscal reform measures, strengthen public expenditure management, ensure a sound management of public property and increase public investment in physical and social infrastructure and human resource development.

Having rigorously deepened the reform programs, real GDP rose 4.5 percent against the 5.5 percent projected, despite the unusually severe flooding. The inflation rate (4th quarter moving average) declined from 0 percent in December 1999 to -0.8 percent in December 2000. The exchange rate was fairly stable ranging around 3,900 Riels per USD. The international reserves increased 16 percent, covering 3.3

months of imports. To strengthen the banking system and corporate governance, the National Bank of Cambodia (NBC) proceeded to bank relicensing, in compliance with the Law on Banking and Financial Institutions, with the view to closing nonviable banks, either voluntarily or through liquidation process. These measures are necessary to establish a sound banking system, promote savings and increase the confidence of the public in the banking system. With rigorous implementation of the fiscal reforms and strict management of public expenditure, we have received encouraging results, with improved revenue mobilization and expenditure restraint to make room for flood relief advance payment of CR 73 billion or 0.6 percent of GDP.

Having rigorously implemented the fiscal reform measures, domestic revenue increased by 7 percent compared to 1999. At the same time, we recognize that we have experienced some difficulty in the collection of certain tax and non-tax revenue. Measures have been put in place by the RGC to strengthen customs administration to prevent the decline in international trade tax. Special measures are being implemented to improve collection of revenue from PTT and improve the efficiency of non-tax revenue collection.

With increased revenue collection, overall public expenditures was contained to make room for flood relief expenses. Even with increased contingency funds for flood relief, current budget surplus for 2000 was estimated at 1.6 percent of ODP, compared to 1.3 percent budgeted. This surplus was used to finance counterpart fund and locally financed projects, as well as debt amortization. The share of defense and security spending has gradually declined from 43 percent in 1999 to 37

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percent of current budget in 2000, while civil administration outlays increased from 57 percent in 1999 to 63 percent of the current expenditure in 2000. Since 1994, defense and security expenditure dropped from 6.38 percent of GDP to 3.9 percent of GDP in 1999 and to 3.5 percent in 2000. To ensure stability and social order, the RGC has decided to introduce a 10 percent salary rise for the public servants and retirees from January 1, 2001. At the same time, the RGC has displayed its strong willingness to continue the implementation of the administrative reforms as scheduled.

The Royal Government places a high priority on social and economic spending, notably on Education, Health, Agriculture and Rural Development. Actual disbursements and advance to the priority sectors, including advance payment on flood relief, which accounted for CR 73 billion, increased by 55 percent compared to last year. In nominal term, current disbursements to Health increased 25 percent (83 percent of budget target), Agriculture - 13 percent (91 percent of budget target), Rural Development- 161 percent (104 percent of budget target) and Education -24 percent (99 percent of budget target).

The RGC recognizes that increased spending on priority sectors is key to ensuring successful implementation of the its social policy and reducing poverty. In this sense, the ROC has taken measures to improve the expenditure framework and budget execution for the social and economic priority sectors, especially through the Priority Action Program (PAP). The Ministry of Economy and Finance (MEF) is committed to fully disburse the 2000 PAP appropriations and the spending for the Accelerated District Development (ADD) as budgeted. PAP coverage

for 2001 will be expanded to the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Rural Development.

Senior Minister Sok An presented a comprehensive report on the plan and the implementation of the government demobilization program. Our primary concerns at this stage, is the delay in fund transfer to finance the demobilization project. Even with the delay in disbursement, the RGC is strongly committed to ensure successful completion of the Pilot Demobilization Project, whose lessons can be drawn for the preparation of the full mobilization of up to 15,000 soldiers in 2001. I would like to take this opportunity to thank the World Bank for increasing its commitment from US\$5 million to US\$15 million, accounting for one third of the expected cost of the RGC's full demobilization project.

To ensure the implementation of the full demobilization project before the rainy season, I wish to urge the Council for the Demobilization of Armed Forces (CDAF) to do an evaluation and arrange for an audit of the pilot demobilization project to ensure transparency for donors' decision to finance the full demobilization program. I am aware of the concerns voiced by many donors, regarding the procurement process for goods and services. I would like to take this opportunity to assure all donors that the ROC will do its utmost to ensure transparency and prevent corruption during the implementation of the demobilization program. In this sense, I urge the Council for the Demobilization of Armed Forces to discuss thoroughly with the World Bank the procurement guidelines and procedures in order to speed up the implementation of the project. Moreover, attention should be given to strengthening financial management capacity of

CDAF. I instruct CDAF to cooperate with the Ministry of Land Management, Territorial Planning and Construction and other relevant ministries to resolve the question of land and shelters for demobilized soldiers and their families. I would like to appeal once again to all donors to speed up fund disbursement and provide some degree of flexibility to facilitate expedient and successful implementation of this important project. I am very seriously concerned about this funding issue, since with no funding or the delays in disbursement, the whole reform project will fail or will be implemented with some delays. Given the sensitivity in the implementation of the reform program, it will not be possible for the ROC to commence the implementation of this program so long as committed funds for this project has not been transferred to a trust fund account in Cambodia. Otherwise, the ROC would run the risk of swallowing political pains, due to the negligence in implementing this program. Moreover, Senior Minister Sok An also raised a number of issues, which constitute the impediments to the efforts to speed up demobilization at this stage, including uncertainty in funding for the project and the CDAF secretariat and the red tapes in implementing certain procedures. I would like to appeal for mutual understanding, cooperation and flexibility in expedient resolution of these issues.

I have reiterated on many occasions that my political career depends on the implementation of forest policy. I even went further to announce that I would resign from the current position if the Royal Government has failed to crack down on illegal logging and ensured the implementation of the reform program to improve forest management. With such determination, even with good per-

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formance and achievements, the RGC has always been vigilant. In this sense, the RGC established and has provided full support for the Forest Crime Monitoring Unit (FCMU), which acts as a watchdog and assists the RGC in monitoring illegal logging in order to effectively stamp out corruption from this sector. At the same time, the the Ministry of Agriculture, Forestry and Fisheries (MAFF) should prepare a legal framework to ensure efficient monitoring and prevent rogue concessionaires from using loopholes in the existing laws to fight the authorities back. The new legal instrument shall include provisions for surprise control visit and revisions ensuring the security and safety of investigators. Efforts will be deployed by the RGC to maintain the participation and full support by the Royal Cambodian Armed Forces (RCAF), relevant authorities at all levels, the civil society, NGOs and Cambodia's external partners in the forest sector .

The government's Progress Report on Forest Policy Reform, prepared by MAFF 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 establish and strengthen a mechanism to monitor forest crimes and ensure sustainable management of forest concessions. I order the authorities at all levels to conduct serious investigations on findings identified in Global Witness Forest Crime Investigation Report, notably the increased illegal logging in some forest concessions and continue to take actions to crack down on illegal sawmills mentioned in the report. The continued monitoring of illegal logging, coupled with measures put in place and planned to improve the

concession system, will enhance revenue mobilization from the forest sector and ensure sustainable utilization of these vital natural resources.

The RGC is strongly committed to forest reform and has deployed all our energy to prevent and combat illegal logging, as well as to improve forest management. With technical assistance from the World Bank, the RGC has commenced the implementation of the Forest Concession Management and Control Pilot Project. With the view to ensuring smooth implementation of the sub-decree on forest concession management passed by the Cabinet meeting in February 2000. Relevant ministries and agencies should ensure effective implementation of this sub-decree. The Ministry of Economy and Finance (MEF) and the MAFF should ensure a proper and transparent sale of government shares in any joint venture concessionaire and should prevent the sale of government shares to any concessionaire, which had been involved in illegal logging. Such a sale of shares would undermine the prestige of the Royal Government in forest reforms. Another crucial matter, which should receive our immediate attention, is the preparation and adoption of the Forest Law. To shore up our legal framework for forest management, a draft Forest Law has been prepared by the RGC with technical assistance from the ADB. A public consultation was launched for this draft law in July 2000. However, the draft law still contains some ambiguities, especially regarding the assignment of responsibility and jurisdiction among the Ministry of Environment (MOE) and the Ministry of Agriculture, Forestry and Fisheries (MAFF). Moreover, the provisions regarding the structure of the Department of Forestry and Wildlife (DFW), forest registration and procedures for the collec-

tion of timber royalties are still unclear and require further elaboration. Thus, I order the MAFF to submit this law for discussion at an inter-ministerial meeting to allow relevant ministries to contribute to the provisions that are specific to them, finalize the draft law as soon as possible and submit it to the cabinet meeting by end February.

There is a strong correlation between sound natural resource management and poverty reduction. The plight of the poor can be improved by widening their access to forest, fisheries, water resources and other public goods. Therefore, providing access to fisheries and water resources is critical to improve the living standards of the people living in the Tonle Sap and riparian regions. Realising the importance of such actions, the RGC has introduced a pro-poor policy by canceling or reducing the size of official fishing lots to improve access by the poor to traditional fisheries with a view to ensuring equitable distribution of the fruits of economic growth. Over the past weeks, the RGC cancelled a total of 495,000 ha of fishing areas, accounting for some 53 percent of the total fishing lots to allow the poor to eke out their existence from fisheries.

To maintain social order, the RGC has accorded priority to the preparation and implementation of land policy, which will focus on land distribution, land management and land administration. The core program of the RGC land policy consists of the development of a national land policy, improved management of the national land stock, commencement of systematic land registration, tax reform, the establishment of a legal framework to enforce property rights, the establishment of provincial, municipal and national master

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plans and zoning and the development of rural housing. A draft Land Law was adopted by the RGC in July 2000 with a view to securing land tenure, providing a basis for reduction in land ownership conflicts, and facilitating land management, natural resource monitoring and state property protection. With technical assistance from the Federal Republic of Germany and Finland, the RGC has conducted a pilot systematic land registration project using state-of-the-art technology and delivered land title certificates for the first time to the inhabitants of Samrong District, Takeo Province.

Today the meeting also thoroughly discussed the government's project and actions in the implementation of the administrative reform, which includes strengthening good governance and judicial reform in Cambodia. The RGC is conscious that the administrative reform is key to ensuring successful improvement in service delivery and strengthening governance. The experiences of our neighboring countries show that there is a strong correlation between improved public service quality and accelerated economic growth and poverty reduction. We have successfully completed the civil service census and established a computerized payroll at the central level. The next step will be establishing a computerized payroll at the provincial level, issuing ID cards to public servant, formulating a strategy for rationalization of civil service and strengthening the human resource management information system.

With rigorous implementation of these programs, the RGC has commenced the preparation for the implementation of next phase of the administrative reforms, namely,

1. Preparation and adoption of a legal framework for public

- service management;
2. Formulation and implementation of a strategy for the establishment of priority groups;
3. Continued conduct of a functional analysis of government ministries;
4. Preparation and implementation of de-concentration and de-centralisation;
5. Preparation and introduction of a new remuneration system;
6. Preparation of a human resource management master plan.

As you are aware, the RGC is committed to rigorously implementing de-concentration and de-centralisation in order to ensure the devolution of power from the central to the grassroots level. The RGC expects that the forthcoming commune elections will contribute to further strengthening democracy and improving the efficiency of public services at the grassroots level. I would like to assure all donors that the RGC has strong political will and commitment to complete the implementation of this program as scheduled.

I have stated on many occasions that the RGC is conscious that good governance is a sine qua non condition for promoting social and economic development and sustainable social equity. A draft Governance Action Plan (GAP) was prepared by the RGC and distributed for discussions at the meeting. The GAP identifies two categories of governance reform where action will be critical to Cambodia's development over the near- and the medium-term. The first category involves four cross-cutting areas:

- (1) judicial and legal reform:** improving the legislative process, promoting dissemination of laws and regulations, developing a legal framework for private sector, de-

veloping human and material resources and infrastructure, enhancing the integrity of the judiciary and meeting private sector's needs for the arbitration of commercial disputes;

- (2) fiscal reform:** streamlining customs control, combat smuggling, developing a modern customs administration, improving V A T refunds, undertaking a comprehensive reform of investment incentives, ensuring integrity of the budgetary process, improving performance of spending units, strengthening the public investment management program, enhancing the banking system and the management of state assets and natural resources;

- (3) civil administration reform:** rationalisation of employment structure, review of remuneration and establishment of management system, enhancing productivity and motivation, reinforcing transparency and participation, ensuring a close link between administrative and financial de-centralisation and developing human managerial and human resources at the sub-national level; and

- (4) anti-corruption:** setting ethical standards, enacting special anti-corruption legislation, enforcing the sub-decree on public procurement, strengthening enforcement and scrutiny, and operationalising the National Audit Authority.

The ROC recognises that without credible actions in these areas, the basic virtues of good governance will not take hold in Cambodia. We have genuine willingness to implement all these programs. In fact, we have been implementing some of the above programs, thus achieving encouraging results. However, what I want to stress here is that the GAP is very comprehensive, thus requiring prioritisation, establishing a checklist, costing of the projects and

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**January 15, 2001**

**Prime Minister Hun Sen Addressed the Ceremony to Launch the Second International Gateway**

“ It is a great honor and pleasure for me to attend the official opening ceremony of the second International gateway in the Kingdom of Cambodia, the 007 gateway. This new edifice is the testimony to the fact that Cambodia is attracting more and more investments for sustainable development. It sends a clear signal to everyone that the Royal Government of Cambodia (RGC) has made serious strides to promote large-scaled investments in telecommunication infrastructure, which constitutes a backbone of the current digital economy. With this investment, Cambodia has made considerable progress and advance of the telecommunications sector. I would like to extend a warm wel-

come to the representatives of the Millicom International, who have made a long trip from Sweden to attend this solemn ceremony. Sweden has shown a strong business commitment to Cambodia and we now welcome the Swedish investors, Millicom, who together with the Cambodian investor, the Royal Group of Companies, have built the second 007 international gateway. I would like to take this opportunity to sincerely commend Millicom and the Royal Group of Companies for having good cooperation with the Ministry of Posts and Telecommunications (PTT), which paves the way for considerable development in the telecommunication sector in Cambodia. The two companies have heav-

ily invested in a mobile phone operator, Mobitel, which allow Cambodia to leap forwards in the telecommunication sector and compete with other countries in the region. Today we all are witnesses to another great achievement, a joint investment by the two companies, which have worked together to create the Royal Telecom International (RTI), the second international gateway in the Kingdom. The total investment is US\$15 million. The revenue from this gateway will be shared as follows: the government will get 51%, leaving another 49% for the company or other technical units involved in running the second

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setting concrete schedules to facilitate implementation and monitoring. Moreover, we should select low-cost projects that can be implemented immediately. Therefore, the key to successful implementation of the GAP is a human factor. The ROC is required to provide incentives to civil servants and the court personnel. As you are also aware, our resources are limited and do not allow us to implement the above wide-ranging programs over a short period of time. 2001 is a crucial turning point for the people of Cambodia, paving the way for development of our country in the new century and millennium.

To this end, we have introduced and implemented sectoral reform programs. However, to ensure their sustainability and the continuity of the reform momentum, a number of conditions should be met:

- (i) Maintaining favorable conditions for peace, security and national reconciliation, which were so difficult to attain recently;

- (ii) Creating a sound and enabling environment for promoting economic growth and development through rigorous implementation of the government's poverty reduction strategy;
- (iii) Ensuring ownership of all reform programs and strengthening a genuine partnership with all players involved;
- (iv) Strengthening good governance, which is the backbone for successful implementation of the government's reform policy and poverty alleviation strategy.

Our practices have clearly shown that the Kingdom of Cambodia is among only a few countries that open the door to their external partners to be involved in discussions, provide opinion and recommendations, ensure the monitoring of the reform programs by checking performance against goals. We have confidence in this open partnership and we expect that all Cambodia's external partners would understand and would be convinced about our sincerity and candor. In return, they will respond by enhancing effective

cooperation to meet the real needs of Cambodia in ensuring fruitful implementation of these ambitious reform programs.

After the whole day's 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 own resources are limited. Therefore, we are in need for generous assistance from our external partners in order to achieve our ultimate goals set earlier.

I hope that you will share the same view that cooperation and joint efforts, coupled with due coordination, will help put Cambodia on its own feet and ensure that Cambodians will become the master of their destiny and programs. ...”■

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international gateway. It is important for Cambodia to have two operators of international communication. There are three important reasons for the Kingdom to allow the competition of a second international gateway.

**First**, National security demands redundancy. If one operator fails, it is important that there is a second network to take care of the telecommunication traffic. In this way the two networks need to cooperate and have procedures in place to guarantee the Kingdom of Cambodia reliable and high quality international service.

**Second**, the introduction of the second gateway will foster competition in the Cambodian telecommunication market and would help reduce the international tariff, which for the time being is the highest in the world. Competition between 001 and 007 will over time bring higher quality of service and lower prices on international telephony for the Cambodian people. So, by the creation of the second gateway we strengthen the infrastructure and take another important step to a world class international communication system.

**Third**, the number of phone lines in Cambodia, mobile and fixed has increased fivefold over the last few years and their coverage has expanded over time. Additional capacity is therefore needed to serve the ever-increasing demand for telephony services.

At the same time it is important to stress again and again that the RGC has the responsibility to maintain an environment that ensures a fair competition between different players in the Cambodian markets. As I have stated competition will lead to lower and more affordable service price to users and the economy. This in turn will attract more investments to Cambodia. But wild and unregulated competition would become a danger. To address this dilemma, attention is given by the RGC to establish an appropriate policy, formu-

late a legal framework and strengthen the capacity of the Ministry of Posts and Telecommunications (PTT), our regulatory body. This is to protect the state interests and ensure that the telecommunication operators will receive equal treatment and that the rules of the game will not bend in favor of any strong player. In short, the introduction of the second 007 international gateway in Cambodia is aimed at implementing the motto for competition according to the principles of the market economy: "Continued growth, profitability and mutual profit for all parties involved." I am very proud to learn that this new international gateway gives the Kingdom of Cambodia a state-of-the-art international telecommunication network to rival any system in the region and the world. It is based on the latest technology available using digitally compressed speech in order to give levels of call quality and clarity never before experienced in Cambodia on the international network. For maximum reliability, the Royal Telecom International has installed a fully redundant system, using 2 satellites and submarine fiber optic cables to reach all 220 countries on earth. Through this gateway Cambodians can communicate with every country in the world, using the latest technology available. Moreover, the new gateway will provide more than only speech. Mobile fax is already available and in the near future the Royal Telecom International will introduce pre-paid calling cards to make international communications accessible to even more Cambodians. Video conferencing and International leased lines are other products to be offered soon. This is to testify that 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. The first international gateway was established by the business cooperation contract (BCC) with Telstra and was handed over to the RGC in October 2000. The Ministry of Posts and Telecom-

munications should cooperate with the Ministry of Economy and Finance (MEF) to ensure efficient management of the first gateway by providing incentives to the technical staff and establishing good organizational structure to enable it to effectively compete with the second gateway. 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 2001, a new optical fiber transmission network will be put in place with Germany's assistance in the near future. Japan has also considered helping Cambodia put in place an information technology system by dispatching a technical team from the Japan Telecommunications Engineering Consulting Services to conduct a fact-finding mission in Cambodia. At the same time, the RGC has made considerable investments in this sector. Moreover, five other telephone operators have endeavored to strengthen and expand their telecommunication services in terms of infrastructure and coverage in Cambodia. As I have stated earlier, these developments will open a new horizon of opportunities for Cambodia to leap forward in the information technology and telecommunications, playing a key role in improving economic efficiency and management. In particular, this will allow Cambodia to effectively participate in the regional IT initiatives, such as the e-ASEAN Agreement,...

Therefore, to ensure coordination between investment projects, I would like to urge the Ministry of Posts and Telecommunications to prepare a master plan for the development of the telecommunication sector in Cambodia..." ■

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sufferings of mankind in many parts of the world. In this sense, I wish to take this important opportunity to share with you the experiences of our country and people, as well as my vision and efforts to achieve peace and to build and strengthen the culture of peace in Cambodia.

As you all well know, Cambodia was at the peak of splendour and glory at the beginning of the past millennium. It was using the then modern technology in architecture, agriculture and urban planning and maintenance. It had been reduced to a feeble image of its earlier glory in the last few decades of the century due to civil war and unrest fuelled by internal division and self-serving external forces. We went through many bitter periods of critical tests, making endless sacrifices with a view to restoring peace and achieving prosperity in this very unfortunate country. But, thankfully, and in a large measure due to the determination of its people and their leaders, and with advice and substantial support from all friendly countries, we are fully back on track as a united, peaceful, democratic and forward looking nation.

At present, we are proud to state that Cambodia now in one integrated, self-contained territory under one government, without separatists and rebels, without turmoil and internal strife, for the first time in over many decades of our history.

We have definitely closed, once and for all, the recent, tragic pages of our own bitter history, dominated by chaos, violence, insurrection and conflicts. This is indeed a uniquely historic, highly laudable and noteworthy accomplishment. This peace has been brought about by relentless efforts for national reconciliation, *through mutual accommodation and compromise*. They say politics and democracy are ultimately the fine arts of compromise towards a common cause, between individuals, between opposing viewpoints, between divergent opinions and paths.

We did achieve this compromise in 1991 through the Paris accords but under considerable influence and with involvement of external powers each with their own agendas. The external community conducted a general election for us in 1993 resulting in the establishment of a coalition Royal Government, but leaving one party to the agreement outside of the mainstream of the society, thus they continued to wage a war against the government. And differences continued and led to some bitter events. Thereafter, although with the benign help of some of our external partners, the Cambodians themselves have been in the lead to reach compromises and agreements without external influences. We passed our own electoral laws, and established constitutional institutions to conduct the elections and to resolve disputes.

Cambodians, with significant technical and financial assistance from our external partners, organized and conducted the general elections by themselves. The elections of 26 July 1998 were witnessed, observed and commented upon by thousands of external and internal observer teams from registration of voters to counting of votes. There was near unanimous view that the elections were blissfully peaceful in a land written off as in eternal strife and that the results clearly reflected the unfettered and free choice of the population. It was for this reason that people described it in such glowing terms as the "miracle on the Mekong".

Indeed it was a miracle, entirely brought about by calm and persevering leadership and hard work and above all by the will of the people at large.

The differences among the major parties elected by the people were resolved in the interests of Cambodians and of Cambodia's future under the sagacious presence and influence of our beloved monarch and father of our nation, King NORODOM SIHANOUK. As a result, a coalition government between the

Cambodian People's Party (CPP) and the FUNCINPEC party was established and it works harmoniously until now.

I am proud to inform Your Excellencies, Ladies and Gentlemen that our Cambodian people are very fortunate to have Their Majesties the King and the Queen, the father and the mother of our nation, who are of great wisdom and key to national reconciliation. Their Majesties, followed by the political parties that won the seats in the Parliament, allow us to get over and avoid any crisis, so that we can go forward rapidly.

In just 25 days of its new term, the Royal Government managed to dismantle the political and military organization of the Khmer Rouge. The remaining remnants of the Khmer Rouge defected to the Royal Government, some of them were captured to stand trial for genocidal crimes that they had committed in the past.

Now in Cambodia there are no more Khmer Rouge rebels, leaders or troops. All have come into one fold. What was intended in the Paris Peace Accords of 1991 but could not be ensured by UNTAC, is now a reality because Cambodians have come together among themselves, not at the behest or prodding of external forces. Compromise is key to ensuring co-existence and cooperation and avoidance of division and conflict.

In this sense, I am proud to share with you that the «win-win» policy is the core and the most important instrument of our peace philosophy. This is also the most important lesson that we have learnt, after many decades of critical tests and struggles, in order to accomplish a full peace and tranquilly at present. The key point of our «win-win» policy is to recognize that there is no winner in waging a destructive war and revenge will never bring peace to the country and its people. Therefore, to

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end this war and internal conflicts, we have formulated three ingredients to ensure the following types of security:

**First**, ensure personal security, as an individual and their family, for those who volunteer to end the war and the battle, and return to the national fold;

**Second**, ensure employment security by providing them with the opportunity to continue their careers or to make their livelihoods; and,

**Third**, ensure the security of their ownership titles without running the risk of confiscation.

The three ingredients of this policy is a panacea for healing the wounds and the rips caused by many decades of civil wars and internal strife.

Peace is priceless but is difficult and demanding to attain and to keep. We are conscious about our undeniable obligation to find justice to the people, who were the victims of genocide in the past.

In this sense, we are strongly committed to undertake whatever necessary to organize a trial of those who had committed genocidal crimes in the past. However, in so doing, we have to weigh carefully between the need for rendering justice to the victims and closing the dark pages of our history, on the one hand, and a must to pursue the policy of national reconciliation and the newly restored, albeit fragile peace, on the other. In this important process, we should rely upon the principle of the respect for national sovereignty.

Therefore, in fulfilling this obligation, we are faced with the most difficult dilemma. I wish only to recall that the recent calls for prosecution and punishment of the former Khmer Rouge leaders for their past crimes come strangely from those who had actively pardoned, fed and supported them, and installed them on the seat of peace negotiations in 1991. At that time, the crimes com-

mitted by the Khmer Rouge were not different from now. But what is different from before is that during the last ten years Cambodia has struggled to move toward and achieve peace on its own.

Should we disturb this fragile fabric before the starches of time strengthen it; or should efforts at long drawn-out revenge and retribution take Cambodia back to the dark ages? Who will be put on trial? Who will bear the responsibility and who will suffer should the war erupt again? The choices are not simple, easy or straightforward.

Nevertheless, our conscience and morale will not allow the genocidal crimes, committed barbarously against the people of Cambodia during the reign of the Khmer Rouge leaders from 1975 to 1979, to go unpunished. The top leaders should assume the responsibility for this crime and their actions before the law and the people.

This is the requirement of justice and the warning against any leader, who will assume the responsibility for the fate of the country and people in the future.

In the end, Cambodia's past should yield to its future. The solutions to be lasting should be Cambodian remedies.

Based on this kind of thinking, we have worked scrupulously and flexibly to finalize and recently adopt a law, which forms the basis for a trial of the former Khmer Rouge leaders, in order to give justice to the people.

This law can be enforced with certain security for Cambodia. We are strongly committed to do this balancing act with the aim of maintaining the equilibrium and safety until we reach other end of the rope, which is our ultimate goal.

As I stated earlier, the successful and peaceful settlement of the war and national division is difficult to attain. But, the continuity of peace

and the strengthening of peace culture are even more demanding and difficult to keep.

To this end, we should work harder and double our efforts to maintain and preserve the key ingredients of peace. This includes promoting the non-violence culture and the respect for human rights, revitalizing democracy and good governance, in particular rigorously attacking poverty in the country and improving the living standards of the people.

Without making efforts and achieving concrete results from implementing the above measures, we cannot hope to maintain the continuity of peace, which was difficult to accomplish.

In this sense, I would like to assure all of you that Cambodia and Cambodians are determined to strengthen the multi-party democracy and the respect for human dignity and human rights. Cambodians from all walks of life enjoy the freedom of expression and assembly. Unrestricted open dialogue and debate and expression of divergent views take place without hindrance or obstruction, both in all the media and elsewhere.

Public security has been improved vastly in spite of more openness. We have implemented immediate measures and undertaken successive actions aimed at maintaining social order, cracking down on crimes and strengthening security.

In all these endeavors, we are committed to a true "rule of law" with equality of opportunities and redress to all, through a competent and impartial judicial system. Another 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

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rule of law, improving the efficiency and quality of our administration and service delivery and consolidating the foundation for the market economy.

**Second**, introduce an administrative system, based on decentralization and deconcentration, to increase accessibility of essential services to the local people at grassroots level. The communal elections to be held in the future will strengthen democracy at the grassroots level and will improve the efficiency of the public services at the delivery level.

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

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

On the economic front, we have pursued a free-market economic policy, with assistance given to the vulnerable groups until they are capable of competing on equal footing with other rivals.

Our main goal remains rapid alleviation of poverty of populace, through the implementation of wide-ranging economic reforms, mainly focusing on ensuring macroeconomic stability, improving the banking and financial system, implementing fiscal reforms, scrupulously managing the state assets, increasing public investments on physical and social infrastructure and developing human resources. In this sense, the government's main strategy is geared toward achieving the following objectives:

1. Long-term, sustainable economic growth at the annual rate of 6 to 7%.
2. 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.

3. Ensure sustainable management and utilization of the environment and natural resources.

I am proud to inform all of you that the implementation of the Royal Government's economic platform has been widely embraced and accepted by the Cambodian people and our external partners. As a result, positive economic growth was achieved during the last few years, although other countries in the region were hit by the financial turmoil. Moreover, special attention is given by the RGC to social development through the implementation of concrete measures and targeted interventions aimed at improving performance in health, education and rural development. Our top priority remains improving access by girls to education to ensure gender equity, providing clean drinking water and sanitation, child vaccination and establishing a social safety net for the most vulnerable groups.

Attention is also accorded by the RGC to the social and institutional structures affecting development, otherwise known as the social capital.

I have just briefed you on the substantive issues of the mechanism, which ensures the long-term peace and tranquility in Cambodia. Peace and development are closely correlated and inter-related. Moreover, peace is the most important prerequisite for social and economic development. However, the promotion of democracy, the respect for human rights, the improvement in public service and governance, as well as the pro-poor development policy are sine qua non conditions for maintaining the long-lasting peace. The Royal Government is conscious of this close dialectic correlation and is determined to overcome all difficulties and obstacles to ensure Cambodia's continual progress.

At the beginning of the new century

and millennium, we can say with strong conviction that Cambodia has emerged as a unified nation with the aim of avoiding past conflicts and division, being a real partner in the community of nations for the prosperity of mankind.

We are looking into the future with optimism and conviction, given the achievements reached through national reconciliation, unity, compromise and tolerance, by putting long-term national interests ahead of those of short-term party or personal ambitions and rigorously implementing government's social and economic policy. It is our strong commitment and conviction that in the new century and millennium, Cambodia, filled with renewed hope and vigor, will be revitalized to contribute to the progress of mankind..."■

**January 11, 2001****Prime Minister Hun Sen Addressed the Launch of the First Batch of a Master Program at the Royal Academy of Cambodia**

“It is a great honor and pleasure for me to officially launch the first batch of the Masters Program organized by the Royal Academy of Cambodia (RAC), which was established to respond to the needs of Cambodia in research and human resource development. Today is also the first anniversary of the inauguration of the Royal Academy of Cambodia. Only over the course of the past year, RAC becomes fully operational and has strengthened itself in terms of quantity and quality. The launch of the Masters program opens a new era for RAC in Cambodia's human resources development. 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 nations to build up skilled human resources with more and more specialization.

As you are well aware, human resource development is key to reducing poverty, ameliorating the living standards of the people and enhancing the competitive advantage of each nation in the wave of globalization to promote sustainable development. I am very happy to learn that the Royal Academy will continue to strengthen and expand its program with specific focus on long-term human resource development and further enhance its research programs, which are practical and responsive to the need of Cambodians from all walks of life.

I would like to take this rare opportunity to brief our compatriots and all international partners of the government policies on education and human resource development. More than three decades of wars had been devastating, leaving behind innumerable legacy, especially the lack of human resources. According to the 1999 Cambodia Socio-Economic Survey (CSES 1999), adult lit-

eracy rate was 71.2 percent nationally. However, a recent Ministry of Education, Youth and Sport (MEYS)/UNESCO survey, which included a reading and writing test, reported that functionally literate people make up only 37 percent of Cambodia's adult population. Therefore, the biggest challenge for Cambodia in the 21st century is to develop human resources with high quality.

Therefore, an important agenda of RGC during the second term of office is to strengthen the capability of the people poverty reduction and the implementation of reform programs in all fields. The experiences of countries in the region, which have been successful in economic development, pointed out to the importance of investment in education in improving labor productivity and promoting sustainable economic growth. Moreover, quantitative and qualitative expansion of the education sector will attract more investments to Cambodia, since cheap labor will not be sufficient to attract high quality investment over the long term with a view to building the foundation of national economy and strengthening Cambodia's competitiveness.

At the same time, the Royal Government of Cambodia (RGC) recognizes that 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 instills in the people the sense of responsibility, morale, good demeanor, ambition in education. It gives people in-depth general knowledge and provides opportunity for skill development in many other areas, which is critical to get higher level training and professional expertise.

Government's policy priority for education is to ensure equitable ac-

cess and quality improvement for nine years of basic *Education for All*, particularly among girls, by around 2010. It is essential to promote gender equality and inculcate equal value to the girl-child in the same manner as the boy-child. The Education-for-All policy also requires that priority be given to ensure that poor students be given access to education from the primary level. At the same time, government's priority is to enable a growing private involvement in the development of the education sector in the country, while the RGC will pay more attention to the strengthening of the legal and regulatory framework to ensure good quality education through the monitoring and following-up of results at each level to match up with the international standards.

The government recognizes that Education spending is still not sufficient to respond effectively to the above policy. 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. In the year 2001 Budget Law, expenditure for education increased from 14% to 16% of the current outlays. Moreover, the RGC intends to increase twofold spending for education over the next 3 years to ensure the implementation of the above policy. At the same time, the Priority Action Program (PAP) has been put in place to improve disbursement to education, which is geared towards encouraging education quality at the grassroots level. An associated strategy will be to significantly increase school-operating budgets, increasingly managed at provincial/district and school levels.

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Increased public spending on education will adopt clearly defined pro poor policies, in particular attention is given to the gradual increase in teacher's salary to an appropriate level, provide schools with all necessary means and materials. Better availability of means and instructional materials to teachers and schools assures quality improvement in the country's education sector. Moreover, all these measures are designed to reduce direct and indirect costs to parents, which constitute a major impediment to providing poor students an access to have better education.

Our past experiences in tertiary education indicate that the core problem is the lack of adequate financial resources. Considerable efforts have been deployed by the Royal Government of Cambodia to increase investment in this sector through domestic revenue enhancement, mobilization of foreign aid and shifting spending priorities from defense and security to social and economic sectors. Even with the increased share of the education budget, the total is still not sufficient to meet the huge demand in the education sector. To address this problem, the RGC has developed a policy to transform the tertiary educational institutions into public administration establishments. And the RGC will continue to provide further support for their operations and progress to ensure their smooth operations. These measures provide some degree of flexibility to tertiary educational institutions in their efforts to bridge the funding gaps and improve quality. Moreover, the mutually beneficial cooperation between our national tertiary education establishments and their overseas counterparts will be another viable option to address the lack of funds. This option should be given due consideration. In this sense, I would like to urge the Royal Academy to pay special attention to establishing alliance or relationships with similar institutions inside and outside of the re-

gion.

At this important juncture, I would like to table some recommendations to ensure fruitful and efficient conduct of training at the Royal Academy of Cambodia:

**First**, strengthen the capacity of the Royal Academy in research by mobilizing renowned experts in each field and put in place adequate logistics for research, such as establishing a computer network between the Royal Academy and other research institutes.

**Second**, improve further the educational infrastructure, especially communications and information technology, which largely contribute to the revolution of knowledge. I am supportive of establishing a state-of-the-art, computerized library at the Royal Academy, which is capable to collect all data and documents for research purposes. I would like to urge the management of the Royal Academy and relevant government ministries to seek assistance from donors to establish this library.

**Third**, cooperate with the line ministries to conduct applied research on various topics, which are relevant to Cambodia's development, for consideration and decision-making by the Royal Government.

**Fourth**, give due attention to rigorously control the knowledge of students to ensure both quantitative and qualitative progress in order to build up the prestige of the Royal Academy as a brain and a tertiary institution in Cambodia, which is capable to compete with similar bodies in the region.

**Fifth**, I am pleased to hear from the report of the Academy's director that researchers and teaching staff have been organized in separate groups. I would like to urge the Academy to strengthen these groups and allow them to conduct independent research. The results from the research should be widely dissemi-

## Announcement

As of December 2000, Cambodia New Vision (CNV) published in all 35 issues.

As informed in the issue 35, the Cabinet of Prime Minister Hun Sen would like to find out how the periodical serves your need of information. Your responses will give the CNV Editorial Board a better idea of how to improve the publication during the year 2001.

CNV would like to take this opportunity to acknowledge receiving filled readership survey forms, and thank our readers for their timely and precious contributions.

Based upon specific recommendations that were obtained, CNV is considering a launch of its own website in the near future for the sake of a better access by readers to official materials in electronic format. Another consideration, which should be coming into effect by April 2001, is the effort to bring Cambodia New Vision into a status of a biweekly publication.

Comments on and suggestions to the efforts will be welcome at,

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or

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nated through various publication and electronic media by establishing a website for the Academy..."■