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Samdech Hun Sen Addressed the Annual Conference of the Ministry of Rural Development: "Performance in 2000 and Targets for 2001"



On February 20, 2001, on an inspection visit to the construction site of a bridge in Ta Koch village of Kroch Chhmar district, Kampong Cham Province, Samdech Hun Sen lively chats with the local people.

"... It is a great honor and pleasure for me to attend the Annual Meeting of the Ministry of Rural Development (MRD), organized to take stock of the 2000 performance and set objectives for 2001. I would like to take this opportunity to express my deep appreciation for the efforts deployed by the officials of the Ministry of Rural Development.

In particular, I highly appreciate the deliberations and the views raised during the last two days to draw lessons, explore ways and measures to address rural development issues in the future.

I am grateful for the good cooperation between relevant government ministries, agencies and provincial authorities with the view to improving the performance of the MRD. At the same time, I would like to express our deep gratitude to friendly

countries, international financial institutions, international organizations and non-governmental organizations (NGOs) for promoting rural development in Cambodia.

I would like to take this rare opportunity to share with Excellencies, Ladies and Gentlemen, Government's visions, policies and measures on rural development aimed at rapid reduction of poverty. The Cambodia economy relies on agriculture, with some 84 percent of the population being farmers living in rural areas.

After the genocidal regime and more than two decades of wars, the living standards of the rural population are low. They are considered as the poor in the Cambodian society.

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February 08, 2001

Excerpts of Address to the Conference on the "Role of Food Aid in Cambodia"

"... On 27 October 2000, the RGC adopted the Interim Poverty Reduction Strategy Paper (IPRSP), which forms the thrust of Cambodia's policy response to the pressing issues... More importantly I would like to emphasize that besides participating in the formulation of the Poverty Reduction Strategy, WFP has made concrete contribution to implement this policy through a Memorandum of Understanding (MOU), signed with the RGC, on an assistance of US\$58 million for 2001-2003. This also marked a shift in WFP strategy from providing relief assistance in the early 1990s to village-based food-for-work (FFW) assistance in targeted areas. The goal of this assistance is sustained food security for the hungry poor while simultaneously starting the process of phase out of international food assistance.

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Announcement

All documents published here are available in full at www.cnv.org.kh. Visit www.cnv.org.kh to get more information and documents released by Samdech Prime Minister Hun Sen (both published and unpublished by CNV) from 1998 up to present.

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The Poverty Profile of Cambodia, based on 1999 data, shows that an estimated 36 percent of the population is poor and the poverty rate is higher in rural areas (40 percent), which is four times higher than poverty in Phnom Penh (10 percent). Rural households, especially those for whom agriculture is the primary source of income, account for almost 90 percent of the poor.

Food security in the country cannot be fully ensured due to low productivity and backwardness in rice production, which constitutes the main staples of the population.

The 1997 Human Development Report states that half of children under five are facing the problem of stunting and underweight. This report went further to say that the majority of Cambodian people do not have access to safe drinking water and sanitation.

The rate of health service utilization is among the lowest in the world. Only 27 of 1,000 school children have completed primary school and can go to secondary school.

The Royal Government of Cambodia (RGC) is conscious of the grave problem of poverty, which is rampant over the country. Therefore, we regard poverty alleviation through accelerated economic growth, improved redistribution of income and state assets and promotion of social development as top priorities of the nation. I have raised on many occasions the Government's views, policies and strategies aimed at reducing poverty of the population.

For this reason I will not make detailed comments on these policies and strategies. However, I wish to stress that since 80 percent of Cambodia's population live in rural areas and 90 percent of the poor households also live in rural areas, the Government's poverty reduction strategy should focus on rural devel-

opment.

In this spirit, Cambodia's rural development programs have focused on the critical elements affecting the rural poor, including rural roads, primary health care, sanitation, rural water supply, education and vocational training for rural people, community development, household farming system, rural credit, provision of seeds, fertilizers, rice banks, micro-enterprises and improved information at village level.

The government's rural development strategy aims to:

- (i) promote decentralization of planning, finance and implement rural development projects and programs;
- (ii) facilitate an integrated rural development approach which is participatory, area-based and multi-sectoral;
- (iii) provide forum at each administrative level for dialogue and joint actions both among government departments and between the RGC and the civil society, and the balance between the vertical line ministries and the local authorities; and
- (iv) define, utilize and mobilize the comparative advantages and appropriate capacities within the government, civil society, the private sector, international and local agencies and rural communities themselves for development purposes.

Given the importance of rural infrastructure in poverty alleviation, a broad rural infrastructure strategy will be formulated within the framework of full Poverty Reduction Strategy Paper in order to sustain and scale up the current efforts, to assess key infrastructure's institutional, financing and governance issues and to ensure sustainable improvements in transport to rural areas.

From the report presented to the an-

nual conference by the Ministry of Rural Development on the performance in 2000 and the targets for 2001, I am very impressed and believe in the capacity of the ministry to deliver its responsibility entrusted by the RGC.

Addressing the institutional responsibility of the action plan, designing programs and implementing projects, coordinating and cooperating with development partners and the MRD's performance reflect the efforts and the attention given by the management and government officials at all levels to discharging their responsibilities.

Moreover, the recognition, the support and the participation by the people, the local authorities and external partners in these endeavors with the view to undertaking the responsibilities and the action plans adopted by the MRD are also encouraging.

To improve work performance as mentioned earlier and to provide an effective response to the needs of rural development in a sustainable manner, I would like to table the following recommendations:

First, strengthen the Village Development Committee (VDC): it is necessary to build up the capacity of the VDCs, which form the building block of rural development infrastructure.

It is also important to transform this committee into an independent rural development body with autonomy in managing and running village development activities, since this committee is freely and democratically elected by villages through secret ballots. Moreover, VDC is a grassroots rural development institution capable of mobilizing the potentials of the village to create conditions to ensure the sustainability of rural development projects with direct par-

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participation of villagers.

At the same time, VDC constitutes an important mechanism to support the implementation of development activities, such as the maintenance of rural roads and water wells, as well as local project design.

Therefore, this infrastructure will allow the local people to participate in the development of their villages, assuming their own responsibilities and ownership of the projects.

Second, establishment of community-based committee for rural infrastructure maintenance: since the Cambodian economy, especially in remote areas, relies mostly on agricultural production, our top priority should be given to improved efficiency of transportation of agricultural products from the farms to the markets. This can be done through continued rehabilitation, maintenance and repair of rural roads.

Another important strategy of the RGC is to enhance the role and encourage the participation of the civil society in poverty reduction and helping the most vulnerable groups. This can be done by linking the rehabilitation and maintenance of rural infrastructure to employment creation at the grassroots level in order to provide an income supplement to the farming households through their participation in project implementation.

The MRD should encourage the initiatives to establish a "Road Maintenance Committee" by the local people. These committees were established by a number of provinces and proved that they are efficient. This committee can guarantee continued maintenance of roads that were built or maintained by using the budget from different road users. While implementing this project, attention should be given to the problem of using the labor of the people living along the road to create employment

and generate income. This arrangement can shoulder some burdens of the Government in financing rural roads. We however should avoid the collection of user fees and spending this income without accountability and transparency.

With regard to the maintenance of rural roads, attention should also be given to labor-based appropriate technology, which focuses on the existing resources and potentials at the grassroots level, such as labor, materials and skills. The main beneficiary of this technology is the local people who have participated in this work and generated income commensurably with their labor.

At the same time, MRD should also use heavy machinery by subcontracting this work if technical conditions require. In this regard, I would like to give my full support for the proposal to establish a Rural Road Department at the MRD. In this spirit, the MRD should prepare regulations for the establishment of this department and submit them to the RGC.

The Rural Road Department should be a key mechanism for the management and the formulation of policies and technical specifications for the construction, maintenance, control and evaluation of rural roads and other work related to them. I recall that at a Cabinet meeting on the implementation of the ADB credit program in agriculture I agreed in principle to have the MRD established a mechanism for the management of rural roads, which implies the establishment of the Rural Road Department.

Third, integrated planning and basic data management: the MRD has the responsibility to prepare local plans aimed at addressing the delivery and management of rural infrastructure through improved accessibility by using the methodology of integrated rural accessibility planning as a survey instrument. This

integrated plan constitutes an analysis of opening access to villages to meet the minimum needs of the population in the provision of safe drinking water, as well as other social services such as schools and health centers.

In this regard, attention should also be given to data preparation and management. The MRD should cooperate with relevant government ministries and agencies and international organizations to collect adequate data and information to establish a database on the status of each village in the whole country.

In particular we should collect data, which illustrates the basic minimum needs of villagers, including essential data for preparing a time series in order to gauge the gaps between the basic minimum needs and the current status of the population in each village. The data is crucial for reorienting development programs to alleviate poverty in targeted area, where people are in need, especially where the standards of living of the people are below the basic minimum needs.

I wish to take this opportunity to express once again my gratitude to friendly countries, international financial institutions, international organizations and NGOs for supporting and contributing to rural development in Cambodia. This assistance is crucial for maintaining political and social stability and promoting sustainable economic growth over the long term.

As the Head of the Government, I would like to appeal to all donors to ensure continued cooperation and provide more assistance to the RGC through the MRD in order to promote more rapid poverty reduction of the population...■

Visit www.cnv.org.kh for the full text with the 2000 Budget Execution Table.

February 22, 2001:

Samdech Hun Sen's Address to the Closing Ceremony of the Ministry of Commerce Annual Meeting

"... It is a great honor and pleasure for me to be here to attend the closing ceremony of Ministry of Commerce (MOC) annual meeting in order to do a joint stock-taking of performance against goals for the past year and to set the objectives for 2001. On behalf of the Royal Government of Cambodia (RGC) and myself, I would like to present a warm congratulation and sincere appreciation for the MOC's good performance in 2000. This was part and parcel of the implementation of policies and reform programs in all fields, in particular, the implementation of poverty reduction policy.

Economic growth in the country has gathered momentum in 2000, fuelled by both public and private sector development and Royal Government's policies. This momentum continued since it was created in 1999. Even after the most severe flooding in 70 years, the Royal Government of Cambodia (RGC) is committed to taking necessary measures in order to achieve the GDP growth of 4.5 percent against the projected 5.5 percent. The inflation rate was low and the exchange rate was broadly stable. Economic activity was buoyed by good performance of the manufacturing and tourism sectors. The manufacturing sector, particularly garment, has displayed a strong dynamism. Maintaining its important position in the Royal government's overall mandate, the MOC has brought about marvelous achievement of great appreciation...

"... Trade plays a crucial role in generating and accelerating economic growth, improving the people's living standards, especially in reducing poverty. However, for most part, free trade in the age of "Globalization" is associated with those who seek abundant resources, markets and profits. Relying too much on free market mechanism to reap short-term benefits, without strengthening domestic capacity and ensuring smooth functioning of institutions, has wrecked havoc to Southeast Asia and East Asia during the last two years. The impacts of the financial turmoil

in the region have resulted in large-scaled tragedies that cannot be gauged; billions of dollars were lost, thousands of families were pushed to the brink of poverty, tens of thousands of children were dropped out of school. It was for this reason that on 13 February 2001 I have affixed my signature on Sub-Decree No. 18 for the establishment of Inter-Ministerial Steering Committee, chaired by H.E CHAM PRASIDH, in order to formulate a commercial policy that is consistent with the government's economic policy, geared towards poverty alleviation. The pro-poor trade strategy consists of the following points:

First, strengthening supply capacity at micro- and meso-level by improving the production capacity of the domestic firms and improving the living standards of farmers in rural areas. To increase exports Cambodia is required to strengthen and diversify its current export base by increasing the value-added content of the existing exports and developing new exports with higher value-added.

Second, focusing strongly on the delivery of capacity-building support at the export-enterprise level and private sector development for trade. Developing new export products and diversifying destination of exports require the availability of support services to domestic enterprises and producers, including establishing producer associations, trade information, information on competitors, promotion services, export financing or credit and setting technical standards to meet the requirements of export markets; and

Third, adopting the regionalization, decentralization and setting export priorities, including the establishment of special economic zones or export processing zones to attract new industries and agro-processing export to new regions. In this sense, the RGC has given high priorities to tourism development — Cambodia's huge export potentials, agriculture, agro-processing and fish-farming for

exports... At this important juncture, I would like to table some recommendations to ensure fruitful and efficient trade promotion:

First: Enactment of the Commercial Code

For the strengthening of market economic mechanism and ensuring good performance of this mechanism, it is necessary to complete the development of commercial legislation. Good and transparent legislative system is an important factor to facilitate investors and businessmen alike in their operation by providing them the comfort and confidence of their businesses. Good legislative system must ensure traders and manufacturers of fair competition practices. Company's Commercial Registration has been prudently done and created favorable legitimate conditions for most of the companies in Cambodia.

The enactment of Intellectual Property legislation is an inevitable condition required by the United States of America and other important business partners of Cambodia in order to ensure investments and individual investors of their business in Cambodia. Moreover, certain drafted laws have been concluded. The MOC must immediately submit those drafts to the Jurist Council and the Royal government in order to ensure that our country has adequate commercial legislative system within the period of this year 2001-2002. The Ministry of Economy & Finance (MEF) should cooperate with the MOC to speed up the selection of legal experts to complete the drafting of all necessary laws as soon as possible.

Second: Efforts to Gain International Markets Access and Export Promotion Activities

"... In this sense, the MOC has established an ELVIS and SIGL in cooperation with the United States of America and European Union respectively in order to exchange infor-

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mation for the in-time prevention of fraudulent practicing by the bad-faith individuals who wish to export outside-merchandises by using Cambodia-origin name.

The MOC must strongly continue to implement this duty in order to completely eliminate the fraudulent of illegally using Cambodian name in violating Rule of Origin of the donor countries of MFN & GSP.

The MOC must pay more attention to facilitate the penetration of more Cambodian products into Japanese market based on the status of preferential treatment granted by Japan for facilitating the importation of merchandises of third world countries into Japanese market starting since the tenure of the late Prime Minister KEIZO OBUCHI.

The MOC also has to promote the effective utilization of Generalized System of Preferences (GSP) by disseminating good news of "Golden Opportunity" which will be the great benefits for investors and businessmen to expand their businesses in Cambodia, while making all efforts to maintain the sustainability of market access gaining so far through this commercial preferential treatment of MFN & GSP.

At present, the majority of products exported through preferential system MFN & GSP commonly are textile products and footwear. But, through this above-mentioned system, developed countries have opened their market for over 6,000 products of Cambodian origin to be imported into those countries with lower import duties or duty free. In particular, as the European Union has removed GSP status (or country graduation) from our neighboring countries in South-East Asia, we must take steps to attract those countries to move their investment to Cambodia by manufacturing products in Cambodia, using Cambodian Certificate of Origin and exporting those products to their own customers of the same markets.

Therefore, MOC should strongly

promote the enactment of law on the administration of Export Processing Zone following the existing model of other ASEAN member states in order to attract the factories of neighboring countries who has lost GSP to relocate their manufacturing facilities into Cambodia. Priorities should be given to the development of Export Processing Zone at the following locations:

- 1 **Koh Kong:** Cambodia-Thailand boundary, in between (Chamyeam Post) and Khun Chhang stupa where Mr. Ly Yung Phat has invested substantial funds.
- 2 **Poy Pet:** We should select the locations where there are less squatters.
- 3 **Stoeung Hav District, Sihanoukville**

The location and size of the zone was determined by the Sub-Decree No. 73 dated October 5, 1995 and Sub-Decree No. 02 dated January 05, 1996.

EPZ 1 and EPZ 2 are used for the attraction of investors from Thailand, and EPZ 3 is reserved for the attraction of investors from Malaysia, Singapore, Indonesia, the Philippines, etc.

Third: Continued Integration of Cambodia into the Regional and Global Economies

The RGC continues to promote the integration of Cambodia into regional and global economies in order to gain a market access to Cambodian products. In this sense, the MOC should cooperate with relevant ministries to accelerate the negotiation for Cambodia accession to the World Trade Organization (WTO) before the year 2005, which will be the year of complete quota elimination. We are expecting that if Cambodia is a member of WTO at the time of complete quota elimination, we will have a possibility for certain competition. Otherwise, if we fail to become a member of WTO at that time, we will be subjected to quota restrictions forever. Thus, Cambodia will lose the competitive edge and attraction for investments. Therefore,

I urge relevant ministries to nominate prominent officials from their respective ministries as members of the Cambodian delegation to be led by H.E. CHAM PRASIDH, Minister of Commerce, to the first formal negotiation with WTO Working Party in Geneva. The Ministry of Economy and Finance must provide appropriate budget for this mission. Meanwhile, the MOC must continue to strengthen and expand all commercial cooperation with amicable countries, who already signed the agreement in the past years and also find all possible means to facilitate free flows of goods between our countries.

Fourth: Goods Quality Control

Goods circulated in the market, including exported and imported products must be subjected to quality control for the protection of consumers' health and facilitation of exports from Cambodia. This task has been well performed by the CAMCONTROL Department. Especially, in 2000 we are witnessed a dramatic reduction of low and damaged quality merchandises flow into our country. CAMCONTROL Department has to effectively continue quality and safety inspection of merchandises circulated in our country in order to enhance consumers' health and completely eliminate the circulation of damaged quality merchandises and consumers' health affected goods. The department should follow closely the development in the world related to food production and take actions to protect consumers in a timely manner. This department must take strong efforts to accelerate quality and standard of merchandises in coordination with the concerned ministries and other related agencies. For certain important products, labeling of information in Khmer language about ingredients and instruction of use is required to facilitate consumers and prevent serious damage to consumers, caused by ignorance. Attention should be given to goods quality and standards by ensuring close cooperation with relevant ministries. This is important task, which requires your involvement and the

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cooperation with other concerned ministries, because it is a key factor for export and economic development. The MOC must re-examine all commercial advertisements that aim to deceive consumers through promises of rewards and selling low quality merchandises affecting consumers' health. Previously, I have endorsed a Sub-Decree No. 05 dated February 03, 1998 on the establishment of Inter-Ministerial Committee for the coordination of quality and safety control of product and services led by H.E CHAM PRASIDH as the chairman. This Committee must also play a role as National Codex Committee by undertaking additional duty to introduce international standards. Therefore, I would like the MOC to submit to me a drafted Sub-Decree for a proper amendment of the above-mentioned Sub-Decree by assigning responsibilities and appointing experts to this committee.

Fifth: Human Resource Development

The Ministry of Commerce has served well in this area. According to the report, the MOC has trained many officials a series of training courses such as English language courses, Japanese language course, modern accounting courses, market economic courses, commercial law courses, computer training courses, merchandise quality courses, Intellectual Property courses, ASEAN and WTO affairs courses, etc.

The ministry always conducts its human resource development training courses and up to the present time, the ministry is capable to have adequate considerable qualified officials. Meanwhile, I also wish to highly appreciate the achievements reached by the MOC since 2000 and commitments for 2001. This is to encourage the Provincial Commerce Departments to provide training to all their officials, to the officials from other departments, students, businessmen, farmers, and NGO staff members free of charges.

I also suggest that other ministries should take this example to do the

same. By doing so, it will largely contribute to the reduction of technical gaps between our country and other ASEAN member states.

Sixth: Administrative Reform and Good Governance

To strengthen good governance the ministry established an inspection committee to audit expenditure and income, to follow up the paperwork, especially to ensure that decision on paperwork should not take more than 48 hours. Streamlining procedures and paperwork should not be limited to the MOC, other relevant ministries and the CDC should facilitate the importation of raw materials, equipment and the exportation of products. To this end, I insist once again that all ministries should help completely eliminate illegal extortion of money from domestic transporters. This bad practice has very negative impact on economic development, since it led to the lost of Cambodia's competitive advantages. Seven sectoral Working Groups were established to negotiate with the private sector to seek appropriate solution for various economic issues. H.E CHAM PRASIDH was appointed Chairman of Export Processing Working Group. He has initiated considerable measures to streamline paperwork procedures. But much more need to be done.

Seventh: Employment Creation for the Cambodian People

The MOC has important role to play to create employment for Cambodian people. Actually so far some 160,000 workers are employed in the textile sector. The MOC cares much about these workers by ensuring the protection of their rights and living conditions.

In recognition for improved workers' conditions, the US Government granted a nine percent bonus quota to Cambodia. The MOC has generated millions of dollars for the national coffers from the management of garment exports to the United States and the European Union. During the recent quota auction, the MOC expects to collect up to US \$5.7 million in revenue to finance

priority projects, including road construction, education, and rural development.

The MOC has generated more revenue from quality control than budgeted. I decided to reward a 3 percent bonus to CAMCONTROL Department for the purchase of equipment in order to improve its performance... In the current year 2001 Cambodia will face the most difficult challenges, especially in combating poverty, rehabilitating and rebuilding infrastructure, which was damaged by the year 2000 flooding. Year 2001 also provide us with a golden opportunity to attract investors. We should not let this opportunity to pass by.

I strongly hope that the MOC will do its utmost to accomplish the tasks set for year 2001. I am confident that H. E CHAM PRASIDH will discharge with great honors, as usual, his responsibilities as the Commerce Minister, the Cambodian Economic Minister for ASEAN, the Chairs of the Export Processing Working Group, the Inter-Ministerial Steering Committee for Pro-Poor Trade Policy and Strategy and the Chief Negotiator for Cambodia's accession to the WTO. The Royal Government of Cambodia and I myself have strong confidence in the ability of the Ministry of Commerce in implementing the Royal Government's political agenda with great efficiency.

The RGC is committed to trade liberalization, free circulation of goods in the country, trade expansion, integration and free trade in the region and the world in order to improve the living standards of our people and pull them out off the shackles of poverty... In conclusion, while expressing sincere appreciation for the achievement of H.E CHAM PRASIDH and the officials of the Ministry of Commerce, I have a great pleasure to award medals to the officials of the Ministry of Commerce, who have contributed to this achievement. The awarding ceremony will be held after the closing ceremony of this annual meeting..."■

(Full text of the speech is also available at www.cnv.org.kh)

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Another thrust of the food-for-work program is to promote direct government involvement in project implementation.

“... I wish to take the opportunity... to share with you... my main concepts about the Government's long-term strategy and policy with regard to our top priorities, poverty alleviation and sustainable development with equity in Cambodia, with a focus on agriculture and food security. I wish also to highlight how the WFP's new approach fits into the government strategy for food security and poverty reduction.

“... after more than three decades of war, Cambodia has faced chronic food shortages and widespread malnutrition. Rice yields in the country have been one of the lowest in the world. Despite significant progress during the last 10 years, rural infrastructure bears all the hallmarks of destruction, disrepair and neglect. Roughly half of the population of Cambodian children aged zero to five years are malnourished that over 30% of the population do not meet their minimum dietary requirement and on average face food deficits ranging from one to two months during the hungry season. This is one of the highest ratios among countries in Southeast Asia. Therefore, improving food security will have a strong impact on the health status and welfare of the rural population.

The IPRSP was drafted with wide consultation and participation of Cambodia's players and development partners. The main concept behind the 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, the poverty reduction strategies are based on three main components:

- long-term, sustainable economic growth at an annual rate of 6 to 7 percent;
- 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

- sustainable management and utilization of the environment and natural resources.

On the basis of our broad strategy, we have formulated the following policy response to poverty:

- 1) promoting opportunities;
- 2) creating security and safety;
- 3) strengthening capabilities; and
- 4) generating empowerment.

The RGC has developed policies and strategies, incorporated in the Interim Poverty Reduction Strategy Paper (IPRSP) to address the core roots of the above problems, while recognizing that food aid is vital during the current period. In the Cambodian context, food aid provides a key safety net for the poorest during the economic transition period. Conscious of this overarching need, the RGC has formulated its agricultural development strategy, which is designed to address the problem of food security and improve nutrition of the population.

In Cambodia, conditions leading to food insecurity include chronic poverty due to protracted warfares, weak access to arable land, rapid population growth, coupled with slow growth in agricultural productivity. This led to stagnant growth of per capita food output. Moreover, the country's infrastructure is still poor and fails to respond to the needs of the economy. Other factors include the prevalence of disease, poor water, sanitation conditions and other security concerns, such as landmines.

Thus, the government strategy is based on a two-pronged framework:

- 1) Embracing rapid, sustained and equitable agricultural growth;
- 2) Empowering 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 technologies such as small-scale, farmers-controlled, private irrigation facilities and crop diversification.

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. By promoting decentralization and deconcentration, the government will also give a voice to the poorest to clearly express their opinion and concerns and will in turn provide budgets and other support to these levels to respond to these concerns.

The RGC will ensure a favorable policy environment conducive to successful implementation of agricultural development in Cambodia. The key is to preserve and maintain a liberal and market-oriented trade environment, deregulate further the exportation of agricultural products, improve access to international markets, develop products quality standards by encouraging private investment in appropriate infrastructure and facilities for production, transportation, post-harvest handling, storage and processing. These are the immediate priorities of the RGC...

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“.., attention is paid by the RGC to provide increased budget funds to address the critical elements affecting the rural poor, including rural roads, primary health care, sanitation, rural water supply, education and vocational training for rural people, community development, household farming system, rural credit (seeds, fertilizer, rice banks, micro-enterprises) and improved information at village level. The RGC's rural development strategy aims to:

- promote the decentralization of planning, finance and implement rural development projects and programs;
- facilitate an integrated rural development approach which is participatory, area-based and multi-sectoral;
- provide a forum at each administrative level for dialogue and joint actions both among government departments and between the RGC and the civil society, and the balance between the vertical line ministries and the local authorities; and
- define, utilize and mobilize the comparative advantages and appropriate capacities within the government, civil society, the private sector, international and local agencies and rural communities themselves for development purposes.

“.., the RGC recognizes that spending on agriculture and rural development is still not sufficient to respond effectively to the above policy. Attention, however, is given to mobilize external assistance and increased budget disbursement for agriculture and rural development. During the last four years budget for the two ministries has almost tripled. In the year 2001 Budget Law, expenditure for agriculture and rural development increased from 2.6 percent to 3.5 percent of current outlays.

At the same time, after implementing pilot projects in the education and health sectors, the Priority Action Program (PAP) has been expanded to the Ministry of Agriculture and the Minis-

try of Rural Development for 2001 to improve disbursement to the two sectors at the grassroots level...

“.., I highly appreciate WFP's food-aid programs, which satisfy short-term relief food requirements and longer-term development needs of the population. In those areas where agricultural and rural development programs are just beginning to have an impact and many communes are still food-insecure, WFP provides a food-based safety net and prepares for future development interventions. To enhance systems of social support for poor and disadvantaged people, food aid programs have been implemented as a means to help vulnerable groups: promote orphanages, TB-health-programs, and literacy and vocational training for widows; combat HIV/AIDS; assist street children and former prostitutes etc. and for emergency relief.

WFP's food-for-work program constitutes a valuable contribution to assisting rural infrastructure rehabilitation and construction and helping to meet nutrition needs of the populace. Food-for-work is different from pure food aid as it promotes community participation and ownership of development. Labour-intensive food-for-work offers additional food-income and temporary employment, and creates assets in rural and urban areas. Many rural roads, schools and health centers have been constructed or rehabilitated and land cleared for resettlement; irrigation facilities, dikes, dams, ponds, water gates and canals have also been rehabilitated or constructed in order to enhance agricultural yields. Overall, the benefits of the food-for-work program are threefold:

First, it helps to improve the living standards and ensure food security in rural areas;

Second, it contributes to rural development through the rehabilitation and construction of physical infrastructure and other social infrastructure at the grassroots level;

Third, it contributes to the maintenance of social stability and ensures a balanced settlement of the population, creates employment in both urban and

rural areas.

Food-for-work programs create employment and generate revenue in rural areas, effectively preventing migration and temporary settlement of the population into urban areas, especially to Phnom Penh, for instance following the recent floods, to seek jobs or to eke out their existence.

The RGC welcomes WFP's plan to provide food-aid assistance to the demobilization program, which will contribute to social peace and stability in the country. Moreover, the RGC highly appreciates WFP's contribution, in conjunction with UNDP and other bilateral donors, to the Seila project, within the framework of decentralized rural planning and development. This program constitutes one of the key elements of RGC's state reform program, directed at the devolution of sectoral programs to provincial and local levels to ensure their direct development impact on rural poverty reduction. In this sense, Seila has also contributed to increased community participation and ownership of development projects...

“.., WFP is playing a crucial role to help the RGC implement its policy of decentralisation and deconcentration, on the one hand, and poverty reduction, on the other. Moreover, the "Vulnerability Analysis and Mapping," developed by WFP to identify the areas where the food insecure people live, will be used by the government to make targeted interventions as part of the implementation of the full PRSP...

“... The RGC advocates a two-pronged approach to food security. On the short to medium term, the government regards food aid as an "additional" to all other resources available to people through their own efforts and gives them an opportunity to help themselves out of the poverty trap.., to address the root cause of the problem, the RGC has adopted a long-term policy of agricultural and rural development in order to create a favorable environment conducive to agricultural and rural development...” □