

Cambodia New Vision

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August 07, 2002 [Extensive Excerpts] Addressing the Sixth RGC-Private Sector Meeting at the Council for Development of Cambodia (CDC)



On August 18, 2002, Samdech Hun Sen paid a visit to Kratie province to observe the critical flood situation and his presence was warmly welcomed by the villagers.

“... Allow me to take this opportunity to make an overall assessment of the status of our economy and our performance in the management of development in Cambodia since our last forum and up till now. I wish also to comment on the effectiveness of this Government-Private sector Forum as a mechanism to share experiences and collaboratively improve our performance.

Overall, during the last sixth months the Royal Government of Cambodia has exerted serious efforts to ensure our country's take-off toward sustainable economic development.

Recognizing the positive developments, the Executive Board of the International Monetary Fund completed on 22 July 2002 the fifth review of Cambodia's economic performance under the Poverty Reduction and Growth Facility program (PRGF.) This

review was encouraging and this achievement has enabled the immediate release of an additional US\$ 11.2 million for the support of Cambodia's balance of payments.

The International Monetary Fund noted:

“ The Cambodian government has continued to make good progress in implementing its economic reform program. Inflation remains low and economic growth is being sustained despite a weaker external environment. Progress in the implementation of structural reforms has also been broadly satisfactory...”

Thus, the IMF agrees with us that Cambodia has performed quite well during the first half of 2002. However, the IMF also noted that:

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August 22, 2002 [Excerpts and Selected Comments] Launching the Five-Years Strategic Plan for Health

“... I am truly happy and honored to be here with you all on this auspicious occasion to officially inaugurate the first ever Health Sector Strategic Plan for 2003-2007 (HSP).

On behalf of the Royal Government of Cambodia, I congratulate and sincerely appreciate all the efforts made by H.E. Senior Minister, Minister and the staff of the Ministry of Health, the Government's concerned ministries and institutions, the national and international organizations, the NGOs, the civil society as well as the private sector for their proactive cooperation and

technical assistance that helped produce this Health Sector Strategic Plan, 2003-2007.

I strongly believe that the introduction of the HSP for 2003-2007 will serve as a building block of the Royal Government's social development program, which is part of the Socio-Economic Development Plan II (SEDPII), to improve the health status of Cambodian people aiming at higher economic growth and sustained poverty reduction over the next five years.

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August 06, 2002 Address in Recognition of Membership Awards of the Natural Sciences Academy of the Russian Federation

On August 6, Membership Awards of the Russian Federation's Academy of Natural Sciences has been bestowed on Samdech Hun Sen, HE Deputy Prime Minister Sar Kheng and HE Senior Minister Sok An. Here follows is the impression made by Samdech Hun Sen on their behalves.

“... I am most humbled and deeply honored to be awarded as a laureate of the Academy of Sciences of the Russian Federation. On behalf of my fellow laureates today, H.E. the Deputy Prime Minister Sar Kheng and H.E. the Senior Minister Sok An, I wish to express our deepest gratitude to the Academy of Sciences of the Russian Federation, particularly the Academy's

Evaluation Committee, and all of the Academy's professors and members.

The great honor you have bestowed upon us today makes us so much more aware of the awesome responsibilities that we are accountable for as officials of the Royal Government of Cambodia.

Your recognition of our efforts strengthens our resolution and

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"... but reform efforts need to be strengthened in key areas, particularly revenue administration, public expenditure management, forestry policy and civil service reform."

Therefore, while we have performed well during the first semester of this year, we should not relax. We should work even harder for accelerated development and the improvement of the welfare of our Cambodian people.

We are ensuring that the Royal Government is well prepared for calamities, and is setting out measures to prevent such disasters from constraining our economic growth as well as the livelihood of the people. For example, Cambodia has experienced drought that could badly impact on the agricultural sector.

As you know, agriculture contributes about 40 percent of our Gross Domestic Product (GDP), and the production of rice and other crops together contribute about 15 percent of GDP.

In order to achieve our economic growth targets, the Royal Government has been taking actions to reduce the impact of drought and flood. The Government has been mobilizing resources from domestic as well as offshore sources, donor countries as well as international finance institutions. We must stop any declines in rice and crop production while promoting growth in other sectors through further reforms. Together, all these measures are further accelerating the socio-economic development of Cambodia.

This year, Cambodia will host several very important international meetings and conferences.

All these meetings will contribute to the improvement of the credibility of Cambodia in the region and in the international arena as a whole. This heightened profile and credibility will further promote the socio-economic development of Cambodia.

You all know we hosted in June 2002 the meeting of the Consultative Group (CG) of Donors in Cambodia. This was a historic event since it was held for the first time in Cambodia. At this meeting, the donor community discussed and assessed the progress and setbacks in the performance of the government's reform programs. Based on their assessment, they pledged a total of US \$ 635 million in new assistance to Cambodia – exceeding the US\$ 50 million pledged by NGOs.

This pledge far exceeds the government request for only US\$ 486 million for the year 2002. It is an important encouragement for the government's efforts in bringing peace and political stability, strengthening the foundations for democracy and respect for human rights in our society, and especially in promoting sustained economic growth and substantially reducing poverty. Indeed, the success of the CG signifies the approval and support of the international community for the appropriateness and success of the government's reform policies and program.

In the next few months, Cambodia will be honored to host the summit of the Greater Mekong Subregion (GMS), the ASEAN Heads of State, the ASEAN + 3 and ASEAN + 1, and also the ASEAN-India Summit. In addition, we are preparing for other important events such as the ASEAN Cultural Week for 2002 and the ASEAN Tourism Forum in early 2003. Note that

during the ASEAN tourism Forum, the ASEAN Framework Agreement of Tourism (T-ASEAN) is expected to be signed.

All of these major meetings will certainly raise our profile in the international sphere and over time provide Cambodia with positive effects leading to further growth of the trade, investment and the tourism sector.

You all know that in recent years, the Royal Government has been quite successful in maintaining macroeconomic stability. We have maintained the annual average growth rate of 7% during the last three years, from 1991-2001. In fact, although Cambodia suffered some difficulties in 2002, we were still able to achieve our forecasted rate of growth of 5-5.5%! Furthermore, inflation rates of the last three subsequent years were close to zero and the exchange rate has remained firm.

However, despite such stability in our macroeconomy, the Royal Government is very much worried to see only a slight increase in approvals of new investments by the Council for the Development of Cambodia (CDC). Investment approvals for the first half of 2002 increased by only 7 percent or US\$ 60 million compared to the same period last year. While these investments will create jobs for more than twenty thousand Cambodians, still we want to see more employment.

In the second half of this year 2002, we expect to approve the proposed investment in Build-Operate-Transfer (BOT) contracts. These include the construction of Route 68, Route 10 and Route 72 for a total investment of US\$ 42 million. Moreover, we expect to see investment of US\$ 46 million in mobile phones by S Telecom Ltd.

The key sources of our economic growth continue to be tourism and the garments industry. Thus the Royal Government has taken major steps to build and strengthen the foundations and prerequisites for the accelerated growth and competitiveness of the tourism and garment sectors. These include programs to rehabilitate and develop roads and bridges, airports, ports and related facilities such as water and power supplies and telecommunications. We need this entire infrastructure to transform Cambodia's tremendous tourism and garments potentials and comparative advantages into economic reality, sustained through the medium and even long term.

Therefore, so far in 2002, there have been some improvements in investments compared to 2001. However, we are not satisfied even with such a positive result, since we believe we can and should do much better. Our philosophy is to make and enable private investment play a more pivotal role in spurring greater economic growth. With such a goal in mind, the Royal Government has focused on major policy actions to intensify legal and judicial reforms that will ensure an enabling environment for business and improve Cambodia's competitiveness as an investment destination.

Indeed, a basic thrust of our economic development policy is on reducing the costs of doing business and streamlining the regulatory environment. With this conception, the Cambodian Government is also taking systematic actions to encourage and facilitate investment in the country. Certainly, we expect that the satisfactory amendment of the Law on Investment, with broad participation from all stakeholders specially from the

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private sector, should build greater confidence among investors and make Cambodia attractive for investment, trade and business. I am pleased to report that after the extensive consultations, the Royal Government finalized the amendments to the Law on Investment in the middle of 2000. The amended version is now being reviewed and debated at the National Assembly.

An important point of our conception in amending the Law on Investment is to facilitate investments by streamlining procedures and paperwork in the processing of investment applications and approvals. Streamlining will also cover imports and exports of goods and equipment covered under the framework of the investment project. The main objective is to simplify and reduce paperwork and promote transparency and predictability in the process of approval, monitoring and implementation of investment projects.

In connection with the systematic approach of revising the Law on Investment, we have also arranged for the amendments of the Law on Taxation, which will be reviewed by the Cabinet soon. The same process of consultation with private sector and broad participation from stakeholders has been applied to the amendments of this law. I learned that, during the process, the private sector has raised some concerns. At this point, I assure you that the Cabinet will review the provisions of this Law very carefully, taking into account all the arguments raised.

The Cabinet is now working on the new Customs Code since it was submitted by the Ministry of Economy and Finance to the Council of Ministers on 31 July 2002. There is another important

step forward which should be recognized, since it deals with another area of business-related legal reform – the Law on Corporate Accounting and Audit, which entered into force on 8 July 2002.

Indeed, there is much that has been done, but admittedly much more work that needs to be done! But we must say that all the progress so far achieved reflects strong commitment and decisive efforts of the Royal Government in the legal and economic reforms necessary to build an enabling environment for investment and business in Cambodia.

Furthermore, the Royal Government is actively implementing structural reforms aimed at improving and streamlining the procedures in investment approval and monitoring. As a result, we have now been succeeding in reducing the time required for review and approval of investment projects by the CDC Executive Committee to only seven working days.

Moreover, the approval of projects subject to the "one-stop-shop" mechanism is now a maximum of fourteen working days. It is encouraging that many positive changes have taken place. To this end, we will continue to work on a broad range of policies aimed at reducing transaction costs and removing impediments to effective competition.

We are conscious that the introduction of tolls for route 4 and the container scan result are additional costs for business in Cambodia. However you must realize that the collection of tolls would improve our capacity to maintain the roads and thereby help keep transport costs low in the long run. We should accept the reality that Cambodia would always request aid for road re-

pair. In addition, we cannot leave our roads in damaged condition. Without repair, bad road leads to high transport costs, damage to vehicles, slow traffic and even more dangerous travel. In the end, poor maintenance will take us back to where we started 15 years ago.

Let me ask you: which is better and more sensible – build the road, or buy a car? Just like the problem of the chicken or egg, when we have good roads then our car will last longer. But when the roads are poorly built, the service life of the road is much shorter. We should take into account economic efficiency, time and accident implications of road design and building. Under such circumstances, we are formulating mechanism to ensure sustainability. This is to ensure good roads and the shift in our approach from aid dependency to managing road maintenance by ourselves.

As for the CT scanner, if properly managed, it will help improve the efficiency and effectiveness of the Customs in performing their job with regard to goods and commodities control as well as the fights against illegal acts especially the tax evasion. The CT scan will also be an effective measure for risk management, which will help improve trade by greatly improving safety and risk-management measures against criminal acts.

We should discuss these and related issues carefully to find a mutually satisfactory solution, particularly in the setting of a transparent and rational price setting formula. I ask the working group on Law, Taxation and Governance to discuss possible solutions with all the stakeholders as soon as possible.

There is another important, related matter that I want to inform

all of you here today. We have found through careful review and consultation with many companies that the high transaction costs in Cambodia is mainly caused by illegal charges. According to the recently established Government Commission to oversee the matter, the illegal charges are collected at 27 different points in the Sihanoukville port, which involve some authorities, and dramatically increases transaction costs. Specifically, we found that for a tax-exempted 20-foot container, the illegal charges amount to US\$ 113. For a 40-foot tax-exempt container the charges total US\$ 130. For a container subjected to taxation, the illegal charges amount to US\$ 138 for a 20-foot container and US\$ 155 for a 40-foot container.

The situation of the collection of high and illegal charges cannot be allowed to continue. I have taken a personal interest in this matter and have given instructions to the heads of all the concerned authorities, especially the CamControl, the Customs, the CamSab, and the Immigration Police and the Port authorities to take immediate actions to wipe out such illegal practices. I request for further follow-up of the progress on this matter at the level of the working groups concerned.

Over the past six months, the Royal Government has established and supported an inter-ministerial task force to fight against tax evasion. The task force, comprising of officials at central and provincial levels, the armed forces, the national military police, the police and local authorities, works closely with the Department of Customs and Excise in combating and cracking down on tax evasion activities. I think it is time to assess the progress and the performance of

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this measure! I welcome comments and recommendations by all of you regarding this matter.

Ensuring the availability of a skilled, flexible, and reliable workforce is another priority of the Royal Government. Reform of the education and training system is required to build such a labor force. Such reforms leading to improved quality of education are being pursued through the following key initiatives:

- *increased focus on professional and language skills, especially in English language skills for students;*
- *greater utilization of information technology as a learning tool; and*

Therefore, the Royal Government has strongly encouraged companies to give priority to the training of their employees. Companies are also encouraged to set up on-the-job training facilities so that they are assured of labor that meets their specific requirements. The Royal Government has also taken a liberal policy with regard to private sector training and education so that many private schools and institutes have emerged to respond to the demand for labor and the deep hunger among our people for skills for personal employability, growth and advancement.

Complementing these policies and programs in support of competitiveness is more intensive attention to the promotion of tourism opportunities. In this regard, we shall work closely with the private sector to develop tourist destinations. As you know, we have given much attention to the improvement of sanitation and health services in Siemreap, to ensure the sustainability and continuing

beauty of the monuments and the city.

The Royal Government has also devoted more attention to the development of the tourism potentials of areas other than Siem Reap. We should promote attractions that enable greater tourist traffic in under-served areas, as well as longer stay and increased spending by tourists. Thus, the Royal Government encourages the development of access to eco-tourism destinations such as Mondulkiri and Ratanakiri, beach tourism in our sea access areas to the South, the upgrading of Kang Keng airport in Sihanoukville and the promotion of initiatives such as the night market. We should push for all of these initiatives as we prepare to serve as hosts for the ASEAN Tourism Forum in 2003.

Just last week, on 29 July 2002, the Royal Government launched the Second Socio-Economic Development Plan (SEDP-II) for 2001-2005. The overall thrust of poverty is the accelerated creation of employment, so that each and every Cambodian will have a dignified, human livelihood. Therefore, it is a key aspect of the industrial policy of the Royal Government to give priority to the development of other labor-intensive industries such as toy-making, footwear, and the assembly of electrical and electronic appliances.

Furthermore, the development of micro and small-scale enterprises is at the heart of our plan to promote industrial development. This strategy we will apply particularly in the areas at the outskirts of Phnom Penh, and in Sihanouksille, Banteay Meanchey, and Koh Kong. In these areas, the Royal Government will enable the provision of micro-finance and marketing services, streamline procedures,

provide some training on production techniques, management and the liberal supply of crucial information.

Cambodia still has vast untapped and potentials in agriculture and livestock, particularly in high-value products and processed foods. We should all cooperate to develop these potentials in a sustainable manner. Our agricultural sector can provide jobs for so many of our labor force if we develop the rural sector in a rational and substantial manner. To achieve this momentum, the resolution of land issues and the establishment of roads and irrigation systems are the priorities of the Government in the next several years. Moreover, the Royal Government will focus on the proposed industrial and export processing zones in order to attract private investment. In these zones, priority attention will be focused on completing the road network, systems for power and water supply, ensure waste management and environmental protection, provide education and vocational training, upgrade health services, the establishment of warehouse and reduction of customs procedures, and so forth.

Indeed, the improvement of Cambodia's international competitiveness is crucially dependent on success in the upgrading of basic physical infrastructure – including water, power, telecommunications and information. However, we cannot supply all these public goods all at once and in all parts of the country as we are under tough budget constraint. We only have limited resources, and so we have to prioritize and carefully manage and allocate these resources for investment in those projects and areas with the highest economic reforms.

Therefore, the establishment of

industrial corridors or centers concentrated in the key areas in the right solution for Cambodia. I strongly believe that the private sector – who is the potentially heaviest users of the entire system of infrastructure – is in a good position to share with the government their visions and recommendations, advice and guidance, in the management and allocation of these scarce public resources for investment in the common interest.

I am appreciative of the working group mechanism within which the Government and private sector communicates and cooperates. The working group has become a very effective mechanism for addressing the concerns of investors and in reducing the difficulties in the situations that they encounter in business. Of course, regular participation in the working group demands time and effort – an expensive proposition for all of you as executives. However, let me assure you that your valuable time and efforts are not wasted, and the results achieved thus far confirm that it worth these efforts. This mechanism has brought the Government-private sector partnership to a new openness and mutual gain, which are all crucial for the development and poverty reduction in Cambodia.

I greatly appreciate all of you who have participated in the regular meetings of the working groups to address the concerns of the private sector. I understand that some of the working groups are convened as frequently as once a month, such as the working group on Law, Taxation and Governance. Of course, between the meeting dates issues can be resolved through the secretariat... I support the proposal for transferring the "Distribution" component

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will to carry forward with the great responsibilities and continuing sacrifices necessary for the effective governance of Cambodia. Indeed, the honor you give us today makes us see much more clearly the significance of the work necessary for the cause of strengthened peace, stability, development and Democracy in Cambodia.

By being honored as members of the Academy, we have to redouble our efforts, since one cannot reject the continuing responsibilities and burdens of stewardship, now and in the future. We are strengthened by this award. With this title of honor, supported by the Cambodian people and under the warm shadow of our Father of the Nation, His Majesty the King, Norodom Sihanouk and the Queen, Norodom Monineat Sihanouk, we are more confident that the Royal Kingdom of Cambodia will take greater leaps toward prosperity and peace.

The friendship between the Russian and Cambodian peoples is not of recent vintage. Our friendship has deep historical roots, and has evolved through both difficult as well as good times when our two nations were in political instability or economic difficulties. Yet through good times and bad, the friendship

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from working group "C" to working group "G," and the component on small and medium-scale enterprises from working group "D" to working group "C." Therefore, later on, working group "D" will be the working group on Law, Taxation and Governance, while working group "G" will be called the working group on Export Processing and Trade Facilitation. I also welcome the establishment of a core group representing the private sector to

between our nations has persevered. Such friendship could not have been sustained had there been loser and winner between us. We know that wars are not begun, nor even ended, by weapons. Questions about the origins of strife are complex – even with the world's long and painful experience with war, solutions are still hard to pin down.

Here in Cambodia, the hybrid term "win-win" term has come to life from our hearts and has become as vital as the breath of life. Our practice and implementation of the "win-win" concept of governance and peace-building has brought about the invaluable outcome of national reconciliation and peace. In Cambodia therefore, the "win-win" approach lies at the heart of our policies, strategies, philosophy and is the key factor in our nation's success in the attainment of peace.

The achievement of peace does not mean that the responsibility of leadership has been accomplished. There is much more to be done after the peace is won. The tasks that face the leadership with the attainment of peace are very difficult and complicated. Fighting poverty is not easy. Through poverty is without fire nor smoke, it nevertheless demands a much more intense and

discuss important issues with the Prime Minister during the period in between the forums, when those issues are of high priority requiring immediate solution, but could not be resolved at the working group level... Finally, I encourage all of us to take a problem-solving attitude in our dialogue... They are OUR problems, you and I, and all of us together. They can only be resolved if we work together on solutions which in the end will yield better lives for our children and for all of our people... ■

dangerous struggle than war. Poverty is intangible and thus requires patience and knowledge, and careful consideration and planning.

Poverty cannot be fought from a distance. Leaders must work close with the people, share their privation and difficulties, and together, rise and step out of the quagmire called the poverty trap. To rehabilitate the country, the head of the government cannot focus on the economy exclusively. The leader must face hundreds of issues simultaneously. Social and cultural problems, security and social order, the strengthening of Democracy and the protection of human rights are just a few of all the important tasks need to be comprehensively attended to.

Though Cambodia is still poor, we need fair and free elections, free of violence. Though we are poor, we need Democracy, the rule of law, human rights, freedom and so on and so forth. That is why the comprehensive program of reforms is the key to our survival. Without the reforms, we cannot talk about development. Moreover, when we attend to our development, our efforts cannot be isolated and random. These must be held together by a comprehensive strategy.

Therefore, as head of Government, I have initiated the "Triangle Strategy." This does not mean that we will focus our efforts on only three things. On the contrary, the strategy organizes our programs into three clusters of processes. These clusters are interdependent and reinforce each other to move our country forward on the path toward sustainable development.

When we attained peace in all of Cambodia, we switched our focus from war to the rehabilita-

tion and development of our nation. I say again, it has not been easy. Nevertheless, there are advances that gladden us, that also strengthen peace in Cambodia. The recent commune council elections were not only free and fair and without violence. The commune elections also marked the singular emergence of political power at the grassroots. It is clear to me that all the reforms that have been started are now producing positive outcomes in waves.

As the laureates of the Russian Academy of Sciences: H.E. the Deputy Prime Minister Sar Kheng; H.E. the Senior Minister Sok An; and myself, we humbly convey our deep appreciation and gratitude to His Majesty the King, Preh Norodom Sihanouk and the Queen, Norodom Monineat Sihanouk, wishing them long life to be with their children, grandchildren and great grandchildren – the Cambodian people. I also take this opportunity to convey my best wishes to Samdach Chea Sim, the President of the Senate, and to Samdach Krom Preh Norodom Ranarith, the President of the National Assembly.

I wish to share the happiness and honor of this award with Chumteav Bun Rany Hun Sen, my beloved wife who has always stayed with me, especially during the difficult times of my life. I believe that H.E. Sar Keng and H.E. Sok An would of course, share this feeling with their wives. And finally, I share this honor with my beloved children, grandchildren and all relatives, friends and colleagues. This laureate should also go to the Cambodian masses, especially the civil servants who have wholeheartedly helped in implementing the Royal Government's program to first, end the war and now, fight against poverty...■

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Today we officially launch a five-year national plan for the health sector for 2003-2007.

The launching the HSP is, by itself, a major achievement – another added to the many successes that our Royal Government has attained so far.

HSP proves to us all that we have moved to the next stage of a longer-term development of the health sector in Cambodia.

... We are marching with confidence, together, on the path to ensuring that our economy shall take off on a higher and faster level of sustained growth into the long term.

This is what we need, since higher growth is a basic prerequisite for poverty reduction and prosperity of our nation.

It is the government long-term vision to have a socially connected, highly educated and culturally vibrant Cambodian society without poverty and illiteracy, and free of fatal diseases; providing its every member with equal opportunity to progress on their own.

In order for the vision to be realized, it requires healthy citizens and the adherence to the principles of free market, the value of democracy, social justice as well as the development and the implementation of pro-poor economic policies aimed at promoting high growth and social development, which is an important policy agenda of the Royal Government.

As I have mentioned on many occasions that civil war and political instability over the past three decades had left Cambodia with a weak public sector and poor physical infrastructure, and especially the health sector was

affected the most.

The Khmer Rouge decimated the national health system in Cambodia, where out of pre-1975 1000 trained doctors only 50 survived the brutal and genocidal regime.

In 1979, the rehabilitation of the health system became the utmost priority among the other priorities of the government at that time.

The war and political instability inherited Cambodia with innumerable consequences for the health sector.

Those include destroyed physical infrastructure, dismantled professional and administrative cadres, very high levels of mortality and morbidity, extremely high birth rate during the post war period, destroyed population pyramid both in term of sex and age, and the emotional and physical trauma resulting from the war, including disabilities due to landmine accidents.

All are the unfavorable conditions constraining the sustainable development, which might force Cambodia to fall into the trap of the poverty and difficult to get rid of it.

During the past 20 years, we have done a lot to recover the health sector and thus achieved notable results. The health system has been gradually developed, especially in the urban areas, – cities and towns.

Thousands of health students and workers have graduated and assigned to different places throughout the country to provide health care for our people – and that made a huge difference for Cambodia.

However, we are still facing a huge burden of the threats from deadly illnesses, especially for

people living in the remote villages. I am fully aware that too many of our women die in childbirth while many of our babies do not live to celebrate their first birthday.

Too many small children contract life-threatening diarrhea diseases because of polluted water supplies and many of our under-fives children are not vaccinated to prevent serious infectious diseases.

Worst of all, one in five children fail to grow because of malnutrition and is severely stunted. Then, among adults, we are facing rising rates of TB, the HIV epidemic, and our old enemy malaria becoming resistant to so many forms of treatment.

In this sense, the Royal Government of Cambodia in its second term in office considers the health status of our people as an important policy agenda responding to the policy on poverty reduction and the implementation of reforms in all sectors.

Generally, the government has set out new policy agenda on social development whose objectives are to:

1. *provide basic health services to all people, especially those who are actively involved in the community lives;*
2. *improve equity and accessibility to basic health and education services with good quality, efficiency and low costs;*
3. *specifically target women, children, elderly and disabled people; and*
4. *introduce decentralization of financial and administrative functions;*

No other mean that is better than the financial one that could accommodate the set of policy

targets for developing the health sector.

Considerable efforts have been deployed by the RGC to increase investment in this sector by increasing budget allocations for the health ministry, and by mobilizing foreign aid and encouraging contribution from the society to the sector.

During the last four years, the budget disbursement for health increased more than threefold from 1998 to 2001.

For the next three years, the RGC plans to double the allocation in its effort and commitment to implement the Medium Term Expenditure Framework to meet the needs of people living in rural and remote areas by directly providing them food security.

As I have indicated earlier, the human factor is a cornerstone of the government policies. All Cambodians regardless of their sex and age, and wherever they live, their health status is the priority of the government.

The Royal Government is firmly committed to invest in the social development and especially in the health sector.

That could be seen of the government strong commitment in increasing the allocation for the health sector though the resources are still inadequate to response to the needs for health services of our people.

Therefore, I would like to appeal to all the governments of friendly countries, the national and international organizations and other development partners to take this strategic plan as an investment plan, and increase the funding for the Cambodia's health sector.

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Together with the government, we make improvement of the health status of the people, and at the same time help to reduce the poverty and contribute to the social and economic development in Cambodia.

I have followed the report and the presentation of the HSP by H.E. Senior Minister and Minister of Health about its strategies, objectives and the targets.

Initially, we focus on the delivery of health services, changed behavior of the service providers, the quality of the service, human resource development, financing the health sector and the institutional reform and development.

I recognize that the document is very well prepared with great care reflecting the challenges and specific needs of our country.

I was very proud when Cambodia was declared polio-free in 2001. The success in eradicating polio was due to the strong commitment and active political participation of the Royal Government, technical and financial support from all partners, and the effective mass media campaigns and especially the participation by the local authorities and the communities.

I also wish to appreciate the success in the treatment of TB and malaria, the reduction in new cases of HIV and AIDS.

A good health system would positively contribute to the economic development, as it is a determining factor for improved productivity that leads to more investment and more savings.

This is because, with good health, people would get good

results in their education as well as in their job, and also the changes in demography.

Experiences of countries in the region show the improvement in health is one of the key factors enabling the "East Asia miracle" of the economic growth, though it alone could not be a sufficient driving force for high level of economic growth.

Thus, I wish to indicate that the government policy on health does not take into consideration only the economic rationales, but also focus on the well-being of our people as a whole.

Fully aware of the needs and the current health status and to reduce the gap of health standards with countries in the region, the Royal Government in its HSP for 2003-2007 has set out targets as follows:

First, reduce the proportion of underweight children aged less than 5 years from 45% to 31%

Second, reduce infant mortality from 95 to 84 deaths per 1,000 live births, and for under-five mortality from 125 to 111 deaths per 1,000 live births.

Third, reduce the ratio of maternal mortality from 437 to 305 deaths per 100,000 live births.

Fourth, increase modern contraceptive prevalence rate from 19% to 35% among women aged 15-49 years.

Fifth, Reduce HIV infection rate from 2.8% to 2.1% among those aged 15-49 years.

Sixth, Reduce incidence of malaria from 11% to 8% and mortality from 10% to 7%.

The HSP 2003-2007 presents strategies for the health sector, which is an important prerequisite

for realizing the policies on high growth and sustained poverty reduction of the Royal Government of Cambodia.

The plan is aimed for managing the changes and implementing reforms for the health development.

The HSP 2003-2007 includes the following essential core strategies:

Health service delivery: further improve coverage and access to health services especially for the poor and other vulnerable groups through planning the locations of health facilities; strengthen the delivery of quality basic health services through health centers based on minimum package of activities; strengthen the delivery of quality care, especially for obstetric and pediatric care, in all hospitals through measures such as the complementary package of activities;

Behavioral change: change for the better the attitude of health providers sector wide to effectively communicate with consumers especially regarding the needs of the poor through sensitization and building interpersonal communication skills;

Quality improvement: introduce and develop a culture of quality in public health, service delivery and their management through the use of Ministry of Health quality standards;

Human resource development: increase the numbers of midwives through the basic training and strengthen the capacity and skills of midwives already trained through continuing education;

Health financing: ensure regular and adequate funds to the health sector especially for serv-

ice delivery through advocacy to increase resources and strengthening financial management; and,

Institutional development: organizational and management reform of structures, systems and procedures in the Ministry of Health to respond effectively to changes.

To take this opportunity, I wish to call on to the Ministry of Health of the followings:

1. Intensify capacity building for our entire workforce, wherever they live and work; encourage them to serve the poorest people in the remote areas; and find ways to reward them with incentives according to their performance;
2. Work more closely with other concerned ministries especially the Ministry of Economy and Finance to improve the disbursement of funds to the provinces and Operational Districts where are of higher demand;
3. Ensure the transparency and the ownership in implementing the plan with other sectors as well as the private sector;

[Ad-lib comments]

... May I take this opportunity to elaborate further (on point three) by expressing my sincere appreciation to HE Hong Sunhuot, Senior Minister and Minister of Health, and other leaders in the Ministry for having made a good model in implementing the supply program. We have allowed four institutions to conduct public auctions.

... They are the Ministries of Health, Education, Youth and Sports, Rural Development and

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Agriculture, Forestry and Fisheries.

... But we can say that the Ministry of Health has proven to be a model in its implementation and its experience could be replicated for application in other state institutions where there is sufficient cash... In just a few public auctions, the state has earned/saved about US\$ 2 million. This clearly proves that there are reform and transparency.

... May I place an appeal today for local enterprises – both private and state ones – producing medicaments to fulfil the norms placed by the Ministry of Health and the World Health Organization (WHO.) It is true that these enterprises have been permitted by the Ministry of Health to take part in public auctions so as to gain market access.

... What is more important, however, is that they have to guarantee an acceptable quality and affordable prices. We also have to reinforce the law used in sector. This is very important and HE Hong Sunhuot has had some discussions with me already.

... We have private sectors involved in many areas but if they do not have communications and relations with institutions specialized in management we may come to an unpredictable problem. It is therefore obligatory that private hospitals and clinics have to have regular reports sent to the Ministry of Health.

... This could be useful starting from sharing the registered number of patients, decease, etc. This sort of information has to be shared otherwise the state and private sectors operating in the field would stay out of each

other's knowledge.

... This could foresee a disaster that might be caused by physicians treating hundreds of diseases.

... In our country a doctor/physician treats patients from hundreds of different health problems, to put it plainly, they are more qualified than those physicians/doctors in Japan, Germany or France. But I demand that this issue be looked at seriously.

... It is also my wish to see physicians/doctors respect their professional ethics and refrain from committing prolonged treatments for their own benefits. I am saying this because some patients have not been given proper treatments and therefore prolonged treatment sucks them dry... Some patients have therefore requested for change of physicians, but their medical records are not given to them. So measures have to be taken in relation to private medical services...

5. Effectively monitor and evaluate the performance of the plan making sure that the targets are met while responding to the overall objectives of the government.

[Ad-lib comments]

... I wish to make an appeal from this forum to the national and international communities to kindly offer all sorts of assistance to this important sector as Cambodia is making its efforts in overcoming various difficulties – both drought and flood. The health institution is obliged to provide assistance and service at the closest possible to those calamity-affected areas. As of now we already have the provinces of Stoeungtreng, Kratie and Kompong Cham under flood already.

... On the contrary, we also have certain parts of land uncultivated because of lack of water.

... While we are starting to put into practice the five-year plan for socio-economic development as well as the five-year plan for the health sector, we have encountered with problems already. We have difficulties from the onset of implementing our plan.

... So I instruct all of officials coming to this meeting from Stoeungtreng, Kratie, and Kompong Cham provinces to return to their works immediately after the closure of the meeting.

... That is why I told a foreign dignitary that I could not travel abroad because I have to stay managing the situation that drought and flood are causing threats... Absence of leader in such a situation is no good. My presence is very important. That is why I have canceled my plan to participate in the summit meeting in South Africa, the UN National Assembly session and various other forums.

... To say in short I could not neglect the constant threats of the natural disasters. As of now I advise that we have to identify areas that are prone to threats and in need of medical help. Urgent assistance has to be provided... As far as flood is concerned, the flood level for Phnom Penh is still manageable, though we have three provinces up north flooded.

... We could perhaps now say that we have three consecutive floodings in 2000, 2001 and 2002, whereas the 2002 situation is the most severe.

... Cambodia in 2002 has got flooded and drought-affected areas – where we have water,

we have it too much and where we do not have water, we have drought. It is predictable that there will be diseases that the receding flood would cause.

... So I make my appeal once again to our medical staff to please help rescue our people in time of difficulty with the Royal Government and other development partners...

The important task that needs to be implemented is the system to monitor the implementation of HSP (2003-2007). The main inadequacy we found earlier from our experience was the lack of a mechanism to monitor and assess the progress in implementing the plan. Thus, the Ministry of Health shall pay attention on establishing an effective monitoring and evaluation mechanism in close cooperation with all the concerned institutions.

Therefore, I call on all the international partners and the NGOs to support the Ministry of Health, and work together on the setting up of an HSP (2003-2007) monitoring and evaluation system. In addition, I wish to call for attentions on capacity building for the health personnel and staff in planning, monitoring and evaluation of the implementation of the HSP.

In closing, I wish to thank all government ministries and institutions, civil society and the private sector, key international organizations partners and the NGOs for the active participation and support of the formulation of the plan. I hope that all of you will continue to actively support and participate in implementing this first Health Sector Strategic Plan, and in formulating the next HSP...■