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Keynote Address: "The Economic Government and Strategies to Enhance Rural Livelihood"



On May 02, 2003, Samdech Hun Sen is warmly welcomed by the people during the inauguration of a Buddhist Temple in the O Muni Pagoda of Sanke District, Battambang Province .

"... First of all, on behalf of the Royal Government of Cambodia and my own self, please accept my profound and sincere gratitude to the CDRI and the management and all the Ministry of Interior's personnel for your efforts in organizing the Development Seminar for Provincial and Municipal Leaders, in every year since 1999.

This is a rare opportunity for the provincial and municipal leaders to have dialogues, exchanges of views and experiences with leaders of the Royal Government and the development partners including the NGOs and the private sector on the current and priority development policies and the actual implementation, which are very important for Cambodia and Cambodian people. I believe such the

seminar would be a valuable instrument for us to learn from experiences and draw lessons and to get exposure to new knowledge, thus will help strengthening local development. This is very crucial for our quests to expedite the poverty reduction among our people

In this context, I highly appreciate this year theme of the seminar: "*Enhancing Rural Livelihoods: Strategies and Policies that Work for the Poor*". It is indeed very appropriate this time to raise this topics for discussion, as it is the best time for the government leaders and senior officials charging with the provincial and municipal administration and developments to review the policies and implementation during the term of

(Continued on page 2)

15 May 2003

Inaugurating the Phnom Penh Air Traffic Control Center

Today, it is my great honor and pleasure to join all of you to officially open the Air Traffic Control Center of the CATS Company here at the Phnom Penh International Airport... On 7th January 1979, air traffic control service was restored here at Phnom Penh International Airport. Air traffic control and the airport itself were managed under the commander of Air Defense Forces of the Ministry of Defense. In 1994, during the first term of the Royal Government, air traffic control was upgraded through the assistance from the French Government valued at US\$ 1.8 million.

In January 2001, recognizing the

positive effects of Cambodia's economic growth and development, the Royal Government assigned to the State Secretariat of Civil Aviation the authority to enter into a build co-operate transfer (BCT) agreement with the SMART company to manage and develop Cambodia's air services for a period of 22 years. Out of that agreement between the State Secretariat of Civil Aviation and SMART, the Cambodia Air Traffic Service Company (CATS) was established.

Cambodia's growing political and macro-economic stability, and the Royal Government's
(Continued on page 7)

18 May 2003 [Unofficial Translation]

Inaugurating the NR 76 to the Province of Mondul Kiri

... It is with great pleasure that I am returning to the province of Mondul Kiri once again today to inaugurate the national road 76 of 70.30 Kilometres between the districts of Keo Seima and Sen Monorum. The construction that include also 28 Bailey Bridges of a total length of 546 metres and 93 drainages has completed and some additional projects have been added to them. I am glad to be with all of our people here today on this occasion and I am grateful to the report by HE Governor on overall situation of the province of Mondul Kiri. Up to the moment we could say Mondul Kiri is in its starting position for development.

... I wish to thank related institutions – the Ministries of National Defence, Finance and Economy, Public Works and Transports, Rural Development, General Staff and the local authority for their supports offered to the engineering team of the general staff in realizing such an achievement that we are celebrating its inauguration today. The work we have done here is not too simple taking into consideration the geographical condition. First of all we have to
(Continued on page 6)

In This Issue

- 1) Economic Government, P.1
- 2) Air Traffic Control Center, P.1
- 3) National Road 76, P.1
- 4) Inaugurating a Buddhist Temple, Kompong Cham, P.8

(Continued from page 1)

this Economic Government, and together will take stock of the performance and learn from the experiences, so that we can identify future directions and next steps which are more consolidated and accelerative.

To take this opportunity, may I express my particular and special thank to Ms. Eva Mysliwiec for her heartfelt efforts to contribute to the development of Cambodia through the busiest activities of the CDRI, especially in training of human resources with main focus on training of staff, personnel and members of the Senate and the National Assembly, and in conducting researches and studies on numerous topics involving the economic situation of Cambodia and the region for consideration and decision by leaders within the Royal Government.

As you are aware, the Royal Government has embarked on poverty reduction among our people through: (i) ensuring higher sustainable growth at 6%-7% in the long run, (ii) equitable distribution of the fruits of growth, and (iii) sustainable use and management of natural resources which is our main priority. Based on a comprehensive national strategy for poverty reduction, we have set out a number of effective policies, those include: creating opportunities, ensuring security, strengthening capacity and empowerment.

Thus, today it is not an accident that I choose "Economic Government and Strategies to Enhance Rural Livelihoods" as topic for discussion in my Keynote Address to all of you. I would like to have a brief overview and evaluation of the

main directions of the RGC's efforts in the development process, with especial focus on poverty reduction and enhancement of rural livelihoods, for all the provincial and municipal leaders as well as for all the participants of the seminar.

Since the general elections in 1998, I named the second-term Royal Government "Economic Government". As a Prime Minister elected by people and through a democratic election, I introduced in July 1998 the political platform of the Royal Government in its second term in office, by focusing on economic development and poverty reduction. I have announced to Cambodian people and the international community of my agenda for the next ten years that is for Cambodia to regain its destiny to become a truly free nation from hunger and poverty, and play roles in regional and world affairs in equal footing.

In order to realize this ambitious and long term vision, I set out the "Triangle Strategy", focusing on three components of the Royal Government's work which are: (i) *the realization and strengthening of peace, security and stability in Cambodia*, (ii) *the fast-track integration of Cambodia into the regional and world community and (iii) the implementing of key reform programs in all sectors taking advantages of the first two favorable conditions to promote sustainable and equitable growth, the prerequisite for poverty reduction*.

From this comprehensive strategy, we have set out and implemented a package of consistent, complementary and reinforcing policies, and gradually fine-tuned those

policies into a national poverty reduction strategy (NPRS) with the following main pillars:

(1) *Maintaining macroeconomic stability to foster broad-based sustainable economic growth, with the private sector playing the leading role;*

(2) *Enhancing rural livelihoods by improving the access of the poor to basic services, focusing on implementation of policies, programs and concrete measures to increase the income of people living in the rural areas. Those include: land reform and policies on water, agriculture, forestry and fishery as well as other projects in construction and maintenance of rural transport infrastructure, etc.;*

(3) *Creating employment opportunities, focusing on creation of jobs and other businesses through the development of private sector, promoting export, promoting development of light, medium and processing manufacturing and industries, and the expansion of tourism;*

(4) *Improving the capacity of people, focusing on improvement in education, health care and nutrition;*

(5) *Strengthening institutions and improving the governance environment through effective implementation of the Governance Action Plan of the Royal Government (GAP);*

(6) *Reducing the vulnerabilities and strengthening social participation, focusing on promoting sustainable management and use of natural resources and the environment, and dealing with other key issues including disaster management especially floods and*

draughts, mines clearance which is inherited by wars, the issue of disables and those affected by AIDS, orphans, street and abandoned children, homeless people and food insecurity etc.;

(7) *Improving gender equity, focusing on reducing the gender gap in all aspects of life; and*

(8) *Giving priority to demographics and population through reproductive health program, family planning for the poor and increasing of primary education enrolment rate for the poor, and finally job opportunities for the rural poor, etc.*

Indeed, striving hard on a "very difficult road" during the past 5 years, we have faced many challenges. However, with resolve and commitment we have overcome those difficulties achieving considerable and proudful results, which are having positive impacts on strengthening the pillars and culture of peace, security, social orders, democracy and respect for human rights and dignity, and that has provided a rare opportunity for the government to carry out the decentralization process and continue firmly implementing the various reform programs.

In particular, on the economic aspect we have achieved encouraging positive results while the world has experienced crises, economic slowdown and uncertainties in the past few years. This has been reflected in the overall growth averaged 7 percent annually from 1999 to 2001, low inflation rate around - 0.5% to 0.5%, stable exchange rate and constantly increased international reserves of Cambodia.

(Continued on page 3)

(Continued from page 2)

However, growth in 2002 is estimated to be lower at 5 percent due to adverse weather conditions (floods and draughts), and due to the world political and economic situation. Moreover, we have observed the slowdown of investment in export industry, such as garments and footwear, and also the services especially the tourism sector is experiencing a dramatic decline due to the panic of SARS in the region and the world.

Nevertheless, in overall, the achievements so far show that this government is not only the Economic One, but it can be called in many ways, such as the "Government of Peace" because it has secured 100% peace for the people of Cambodia, where now the demobilization is going on while weapons have been collected and destroyed, the "Government of People Health" as it has dramatically increased the allocation of national budget for health sector, the "Government of Education" as we are very concerned about the living standard of teachers and the quality of education of our students, the "Government of Roads" as we have been repairing and constructing thousands of tertiary, secondary and rural roads and bridges to trigger the economic growth and improving the living of people, the "Government of Environment" as we have set and implemented strong measures to protect the national natural resources and the environment. Thus, based on those efforts and key achievements during the past term of the government, we can safely conclude that the government in this term is a "Government of Peace and Development for Poverty Reduction".

All these become a firm foundation for us to move forward into the future. Though, we are at the end of the term, but Royal Government is still committed to moving forward with reform programs set by ourselves even more successfully. In this sense, the government has set out a priority working plan for the upcoming period as the followings:

First, organize the general elections, scheduled for 27 July 2003, to be free, fair and without violence, aimed at strengthening democracy and respecting for human rights and dignity of all Cambodian people.

Second, deepen the implementation of the government reform programs; especially continue the implementation of GAP II.

Third, further implement the SEDP II.

Fourth, implement the NPRS fruitfully, which was adopted by the RGC on 20 December 2002.

Our achievements over the last five years have opened up new horizon of opportunities providing hope for the future. Thus, as the Head of the current government and as an active leader in the political arena of the nation in the coming years, I would like to make some perspective comments on future visions of Cambodia development, stressing on the need for the efforts by the next government to enhance the rural livelihoods.

The second term Royal Government first started by declaring itself as the "Economic Government" and has transformed itself into a

"Government of Peace and Development for Poverty Reduction" at the end of its term. Indeed, we could not solve all the consequences of wars, genocide regime and internal conflicts, which have destroyed and haunted Cambodia over the last three decades, in just one term of the government. It requires considerable amount of time and efforts.

Therefore, it is doubtless that our long-term key objectives are to maintain and strengthen peace, security and social orders and to promote sustainable development, in order to reduce the poverty among our people. Thus, we can say that strengthening peace and promoting sustainable development will remain our top priority agenda in the next term of government.

From this point of view, ensuring the continuity and more importantly accelerating the implementation of strategies, policies and reform programs this government has set, are indeed very crucial for ensuring a sustainable development for poverty reduction and improved living of people.

Indeed, economic growth is an effective instrument to fight the poverty. As I have highlighted above, to reach a higher rate of growth, the RGC has introduced policies that promote macroeconomic stability, reorient resources toward high economically and socially effective sectors and integrate the economy into the regional and world economy. However, the poor cannot reap the benefits from growth unless there is equity in distributing the fruits of the growth.

Clearly aware of this, the RGC has set specific measures and targeted interventions to get

better results in education and health. Top priority is to provide education to female teens ensuring equality of both sexes, clean water and hygiene, vaccinations to children and organize social safety net to protect vulnerable people.

Thus, for the long run the RGC's poverty reduction strategy should continue to be based on three complementary policies as I indicated earlier.

Those are:

- *Long-term economic growth of 6-7% annually;*
- *Equitable distribution of the fruits of growth between the haves and haves not, city and rural people, and between the men and women; and*
- *Sustainable use and management of natural resource and environment.*

Indeed, in order to improve the rural livelihoods, we should continue to improve our rural development policies, focusing on three specific strategies as follows:

First, the implementation of decentralization program: Ensuring strengthened capacity building at all levels for them to have a proper capacity to carry out their respective functions and to effectively provide services, and for them to have the capacity to review and monitor activities that ensures the quality of services and better practice of good governance. The participation by local people in the decision-making process, such as in planning, mobilizing resources, prioritizing activities, implementing the activities

(Continued on page 4)

(Continued from page 3) and equitably delivering services so on and so forth, would enable the decentralization to fully and effectively tackle with the poverty reduction. In general, citizens are key players in the different mechanisms of decentralization. Thus, the development of human resource and the change in behavior and habits of the local people are important for the poverty reduction and the promotion of the democracy.

Second, further promoting investments on rural infrastructure: The Royal Government has been repairing and constructing thousand kilometers of tertiary, secondary and rural roads, bridges and irrigation systems to promote the economic growth and improve the livelihoods of people especially that of rural ones. In short, investment on rural infrastructure is a firm foundation supporting three elements of poverty reduction: (i) creating opportunities, (ii) ensuring peace and security, and (iii) strengthening capacity and empowerment.

Third, development of agriculture: As I indicated earlier, in the past term of government, we have achieved encouraging results and succeeded in promoting economic growth. However, the base for such a growth is very narrow as it relies on only two sectors of the economy: garments and tourism. This makes Cambodian economy vulnerable to instability and external shocks.

Thus, we need to strengthen and diversify the base of the national economy, using economic potentials in many other sectors. I mean the agriculture and agro-industry which have big potentials and would have quick positive impacts on our

efforts to enhance the rural livelihoods.

Let me elaborate on this important point. The Cambodian economy remains largely agrarian. As of 2001, agriculture accounted for 37% of GDP, and more than 80% of the work force. However, agricultural production in Cambodia is very vulnerable to natural disasters.

Over the past few years Cambodia has experienced floods and drought and thus production has grown slower than population. Also, investments in the sector have remained low. Indeed, agricultural productivity in Cambodia is low, even when compared to neighboring countries that have growing conditions similar to Cambodia.

Rice is the most important agricultural crop in Cambodia, covering approximately 2.3 million hectares, or 90% of the country's total cultivated land. Our farmers still use traditional cultivation methods since 60% of rice produced is only for subsistence. While in the near future we expect to increase rice productivity from 1.3 ton per hectare to 2 ton per hectare, such an achievement will still be low by regional standards. Our neighbors Vietnam and Thailand have already achieved 3 — 4 tons of yields per hectare. Such a contrast shows us our potentials for the future.

Indeed, the Royal Government has been working hard to strengthen research on high-yielding rice seeds, expand agricultural lands and extend the irrigation systems to enable increased rice productivity and ultimately attain food self-sufficiency as well as production for export. Currently,

surpluses have already been achieved in a few provinces. The other areas still face production shortages. Besides rice, Cambodia still has vast potentials in other areas, such as poultry, fishing (both fresh and salt water fishes), vegetables, flowers, and other industrial crops including rubber, palm oils, cashew nuts, cottons, tobacco, potatoes and so on and so forth, which all have not been focused for development appropriately. All these are clearly the indication of the vast potentials of Cambodia agriculture that ensure food security and even promote, strengthen and expand the base for economic growth, thus as a result, will have quick and positive impacts on the rural livelihoods.

Having seen this, the RGC has set long-term development strategies for agriculture over the period of next 5-10 years as follows:

Expanded rural infrastructure and irrigation systems as the cornerstone of our strategy to improve agricultural productivity. In this sense, the RGC will need to drastically increase its investment in rural infrastructure and irrigation systems over the next 5-10 years and thus helping improve agricultural production and productivity. Specifically, we aim to increase the irrigated lands from 20% in 2002 to 24% in 2007.

Strengthen micro-finance systems: The serious lack of financial services in the rural areas is the main obstacle for the growth of agro products and for rural development. The Royal Government has been working hard to strengthen the rural finance system, particularly by establishing the Rural Development Bank. The main objective is to

ensure a sustainable development of micro-finance and gradually expand the services to cover small and medium enterprises.

Improve researches and extension on agro techniques: The RGC considers the researches and extension of techniques, new technology as well as knowledge and know-how in agriculture, which are comprehensive, highly yielding and responsive to the requirement of farmers as well as that of the modernization of Cambodia agriculture. Thus, it is key to our efforts in improving the agricultural productivity. **Strengthen distribution of agricultural equipment and inputs:** Improved access to fertilizer and quality agricultural equipments is crucial to increasing the production of rice and other crops. Fertilizer use by farmers varies considerably in relation to limitations in supply and prices. High transport costs, combined with illegal charges also constrain supplies and increase marketing costs. This point requires further attention by the RGC.

Strengthen agro-product processing industries: Due to the lack of capital or resources for development of processing industries, our farmers export raw or unprocessed rice or cashew nuts to neighboring countries, thus they sell at low prices. The small-scale rice mills available in the local areas cannot produce export-quality rice. To resolve this issue, the RGC has encouraged investments in setting up modern rice mills as well as food processing factories. This is important to reach the potentials of agro products exporting.

Diversify market access for
(Continued on page 5)

(Continued from page 4)

farmers: Rice productivity in Cambodia is influenced by uneven rainfall. In addition to rice, Cambodian farmers are able to plant fruits, raise animals and nurture pond fishes that can generate employment and additional income complementary to their income from rice harvesting. However, while having produced they face difficulty with market access due to the lack of information and inability to advertise the products. In addition, there are many traders but most are too small size, lack of adequate information about the market and have difficulty in finding commercial credits for their operation in country and abroad. Furthermore, illegal charges collected on the ways to the market constraint the supply of agro-products from rural areas to the markets.

Implement Land management: Clearly defined ownership of land is important to encourage farmers to invest on their rice fields, including that on irrigation. Yet only 10% of farmers have land titles. Titles may be used as collateral in obtaining credit from banks. Thus we must strengthen land ownership to avoid land conflicts, develop the financial system and promote the expansion of agro-industrial crops such as rubber, cashew nuts, coffee, coconuts and palm oil and many others.

Further reforms in fisheries: The RGC will continue reforms in fisheries by reducing the coverage of fisheries concessions and expanding access to this important resource by the poor people. However, most communities do not have adequate capacity to manage this important resource and thereby leading to overexploit-

ation or the surrender of use rights to private businesses. Thus, our work is to strengthen the management of communal fisheries resources by establishing fisheries communities that encourage people in the sustainable management and use of fisheries areas.

Strengthen Forestry management: The RGC will continue prevent and crack down on illegal logging through strengthening mechanisms for monitoring of forest law enforcement and other related regulations to ensure that enforcing the laws and regulations will serve the long-term interests of the nation and will not affect everyday life of poor people in the rural areas.

Promote the "One Village One Product" approach: An important key to development is to select two or three specific products which are of highest potential for production by each province. The development of these potentials may be in various ways, including links to financing, transfer of technology, knowledge and know-how, training for the improvement of quality, and market identification. However all these approaches require motivation and the participation of the private sector through strengthening the capacity of SMEs. Besides the issues mentioned above, I am of the view that not only this incumbent Royal Government or the next Royal Government, each government is obliged to tackle the 10 types of imbalance, which are the strings of one ended notch, namely:

(1) *The disequilibria between demand and supply. While demand gets higher and supply is limited, we thus should focus on tackling the demand side, such as*

for food and meal, clothing, housing, means of transportation, education and health such as healthcare and treatment.

- (2) *The imbalance between revenue and expenditure of the national budget, focusing on increasing of domestic revenue to be able to invest on and assist people, and ready to implement ASEAN Free Trade Area Agreement, as well as to reduce the dependency on foreign aid and loan.*
- (3) *The imbalance between export and import, which would enable Cambodia to expand its exporting capacity, aimed at reducing the imbalance of foreign trade, which is still a big gap.*
- (4) *The imbalance between currencies and goods, focusing on promoting economic growth, macroeconomic stability, prevention of inflation, purchasing power of Riels.*
- (5) *The imbalance between demand for government officials and police and soldiers in relation to Riel currency, which focus on ways and means to appropriately increase salary in accordance with development of national economy.*
- (6) *The imbalance between the rise in adult labor forces, graduated students and the employment issue, focusing on investment promotion to create jobs.*
- (7) *The imbalance between the development need and the relatively weak human resources, focusing on investment on education and training of human resources.*
- (8) *The imbalance between the development need and weak infrastructure, focus-*

ing on investment efforts which give priority to sectors related to canals, roads, bridges, rail roads, ports, airport and electricity, etc.

- (9) *Imbalance between the transparent and sustainable development need and the ineffective governance, focusing on strengthening of good governance, anti-corruption, improving effectiveness of service delivery for people, which are the back-bone of an effective and sustainable development.*
- (10) *The imbalance between the need for national economy integration into regional and world economy and the weakness of national economic infrastructure, and institutional capacity, which requires the Royal Government to pay attention on modernization of economic infrastructure, legal framework and institutional capacity building.*

The above "Ten Disequilibria" need to be dealt regularly and cannot be ignored. Indeed, we are on a long way to go and will encounter countless obstacles. Thus, we all must recognize that we cannot solve all the issues of poverty in one day or one month or one year. Therefore, what we all should remember is that security must be strengthened and development must be promoted to reduce the poverty and enhance the rural livelihoods that will remain priority policy package of the RGC in the next term. In this process, the efforts by the government alone are not sufficient; it requires active participation of all stakeholders and the development partners especially by the Cambodian people them-

(Continued on page 6)

(Continued from page 1)

take into account of mines and unexploded ordnances, and malaria as these could not be dealt by civil engineering team. It was in this respect that from the beginning I have instructed to strengthen the military engineering team. We have de-mined not only for the construction of roads and bridges but also for our people to evade from casualties caused by mines and unexploded ordnances in the future.

... An area of over one million square metres has been demined and UEXO has been removed. HE Gen. Khvan Siem reported that 342 UEXO have been discovered. We have sent here, in addition to 175 soldiers in the brigade 79 and 52 engineering motors, an intervention unit of 54 soldiers and nine engineering motors to the construction site. As we are here we learnt that the need for importing Bailey Bridges into Cambodia is still big and we should not build bridges of wood anymore, though this area is one of the dense forest areas. Wooden bridge last very short – one or two years only. It reminds me of the two nights that I spent here with my wife in 1990. We went from one mountain to another just to learn of the provincial situation and to ponder for ways to develop the province.

... Our people in this province commuted to the plain area via Vietnam. Vietnam in those days allowed our people to travel inside its territory so as to get to the plain from the hilly and landlocked area of Mondulkiri. Only 42,148 people are living in the province or three persons per square metre. We have higher density in the plain area, especially

along the river. There is a saying that is specially made for this province "the province of sticky soil that no one would want to come, but once one settles in, one does not want to go away." I would take this to have two meanings. First, because it is not easy to go to and fro, once they are in Mundulkiri, they do not have the strength to return the plain. But it could also mean that they do not leave Mundulkiri because of natural beauty.

... As far as this road is concerned, the investment put into it could not be comparable to the construction of roads in the plain areas like Kompong Cham or Kratie because we have to cut up 142 mountains for roads. I will take this matter for discussion with the Ministry of Economy and Finance as we have two different road construction standards here.

... Well the road has brought down the amount of time spent in travelling between the plain and Mundulkiri. HE Tram Iv Toeuk of Public Works and Transports arrived at Mundulkiri at 5:00 pm after he joined me in the inauguration of the Angkor Baan Bailey Bridge in Kompong Cham. Before travelling from/to Mundulkiri our people had to spend three days and nights in difficult road condition inside the country, and seven days commuting via Vietnam. But Mundulkiri now is only seven or eight hour away from Phnom Penh now.

... We have a better road condition now between the district of Keo Seima and Sen Monorum. We now have to return to review the part between Keo Seima and Snuol of Kratie. I have also instructed HE Ke KimYan just now that our

priority is the road between the districts of Keo Seima and Koh Nhek. We have built already the roads to Preah Vihear from Kompong Thom province, and we will soon inaugurate it. We have now to divert resources to improving the condition in Koh Nhek and we could not accept the situation that our people have to transit overnight on their way to Sen Monorum (the capital). May our people in the district of Koh Nhek be patient as the construction is making its way, and they should rest assured that the road will reach them in Koh Nhek as decision has been made already and we only wait for the budget to come and time to start.

... As far as a road to the Buorsra fall, I have instructed already to include this one in our prioritized project as it would attract tourists to the fall. Taking this opportunity I wish to announce to all of our people in the plain areas to visit Buorsra fall and the province of Mundulkiri itself. I would predict that Mundulkiri is a place of great potential in the future as it will attract tourists, investments and it will surely become an agro-industry area or an important pole in our economy... I would say by 2015 or 2020, the northeast of Cambodia, which includes Mundulkiri, Ratanakiri, Stoeungtreng and Preahvihear, will become a pole of economic potential in the Cambodian economy. As I used to say the integration of Cambodia with our neighbors and the world is not yet a complete procedure, we have to fully integrate the different areas inside the country... We have here 12 ethnic minorities who have treasured their traditions and beliefs. We have also resolved issues relating to forest reforms...■

(Continued from page 5)

selves. Moving forward on the path of development to reduce the poverty and enhance the rural livelihoods, the RGC should intensify its efforts in advancing reforms in all sectors, and special attention should be paid to agriculture, which has potential for higher growth, thus contributing to a bigger share of GDP. This would allow most people equitably benefit from the growth in this sector, compared to other sectors, which are narrow based and sensitive to external shocks.

Once again, I would like to thank the CDRI and the Ministry of Interior for organizing this seminar and for bringing for discussion the theme "Enhancing Rural Livelihoods" in the right time that presents an important contribution toward realizing the strategic motto of the government: "Poverty Reduction through Long-term Higher Growth, Environmentally Sustainable and Socially Equitable". In addition, I deeply thank all the development partners of Cambodia and the NGOs for close cooperation with the government as well as with all the local authorities everywhere to actively contribute to the mission of poverty reduction and improvement of living of people in rural areas. In this context, I wish to call on all the Cambodian development partners, especially the donor community and NGOs to continue your support in developing institutional capacity of Cambodia, especially that of the provincial and municipal and commune leaders so that they will become the real owners in their quest to fight against poverty...■

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sound policies of economic liberalization and open skies have resulted in a steady increase of air traffic in Cambodia. This new air traffic control center is another achievement in our strong record of performance in civil aviation, highlighted by the new Siem Reap International Airport and now the upgraded Phnom Penh International Airport.

Just over the recent two years, air control service has rapidly and greatly been improved, thus ensuring greater safety and heightened services as the new system is used. This new system uses advanced radar which enables air traffic control over the entire country, a capability not possible before. Indeed, this improvement in capacity will significantly contribute to national economic development via enhanced international air services not only domestically but also internationally involving flights that utilize Cambodia's air space and thereby serving as a network that links Cambodia with the region and the world.

We have observed that the CATS Company has exerted strong efforts to implement the terms and conditions accorded in the agreement. The Chairman of the CATS Company has reported that this new Air Traffic Control Center has been constructed according to standards consistent with international levels as approved by the International Civil Aviation Organization. I believe that the CATS Company will continue to implement new and progressive air services projects to push civil aviation development in Cambodia.

The investment in this new center is valued at US\$ 23 million, in which the CATS Company's

capital is 15%, loans form 70%, and income capital is 15%. Such capital was invested in equipment, construction and related facilities. The radar alone cost US\$ 16.5 million. The telecommunication and information system costs US\$ 4 million. Next year, in 2004, another high-tech radar system costing US\$ 3.5 million will be installed at the Siem Reap International Airport.

I take this opportunity to emphasize the need to develop a strong private sector which would play a leading role in promoting economic growth and ensuring sustainability and rapid development... The Royal Government organizes regulations for/and between the Royal Government and private sector to cooperatively consult and solve difficulties and concerns of businessmen and investors. This mechanism has facilitated many achievements, including the laws, regulations, policies and measures to reduce the cost of doing business and create a favorable environment for business and investment. Indeed, to support the government's policy of generating higher growth and rapid poverty reduction, the development of private sector must be implemented simultaneously and consistently with the development of financial sector and good governance. In developing the private sector, the Royal Government with technical assistance from the ADB and other partners is identifying and assessing issues and constraints, and formulating a vision and strategy for effective implementation from the short to the long-term. Let us recall some of the key developments in the building up of civil aviation during the second term of the Royal Government of Cambodia. Those include:

- *The improvement and*

development of Siem Reap International Airport, with financing from the ADB. The new airport was inaugurated on 6 December 2002;

- *The construction of the new terminal of the Phnom Penh International Airport, inaugurated on 6 May 2003; and*

The new Air Traffic Control Center was constructed under a "Build, Cooperate and Transfer" arrangement. All these achievements have been realized according to the comprehensive investment and development program for civil aviation in Cambodia. Moreover, the Royal Government of Cambodia is now acting to improve the country's domestic airports and strengthening and reforming civil aviation institutions so that these can catch up with new developments and cope with changes in the aviation market. It is our objective to enable the full exploitation of opportunities for development of our country, especially in speeding up the integration of Cambodia into the world market and economy. I understand that fully 93% of all CATS staff is Cambodians, including those absorbed from the State Secretariat for Civil Aviation and Royal Air Cambodge. Therefore, let me call on the Chairman of CATS to continue selecting more government personnel, especially those from the SCA and RAC who already have the skills and experience, to work for CATS, not only in the technical but also in the management levels. This will be another important contribution, helping to streamline government staffing...

I am truly happy that we increasingly have world-class air traffic control capacity. Indeed, if Cambodia does not have air traffic control services at interna-

tional standards, then flight safety will be compromised and airlines will hesitate to offer services utilizing Cambodian airports. This will adversely affect our development not only in civil aviation but also in trade, tourism, commerce, and banking – all across the economy. It is for this reason that the Royal Government has focused much attention on the development of civil aviation. On even further development, let me direct your attention to some points:

The rehabilitation and development of air transport infrastructure should be implemented through partnerships between the public and private sectors. This approach will better improve and strengthen the authorities who are charged with control and regulation in a transparent, accountable and sustainable way, appropriate to the development and globalization. I therefore urge the SCA to take as top priority the implementation of the policy on private sector partnerships. The expansion and improved efficiency in the absorption and use of advanced satellite and information technology should be accelerated, with training both in-country and abroad as opportunities arise.

Language is crucial to technology transfer. The international language of aviation is English and therefore we must upgrade our English language capabilities at all levels and in all fields. We must continue to promote the peace and security of the nation. Moreover, in order to maintain our country's integrity, we must manage and control the use of technology in commercial and civil purposes, but safeguard against use of technology in ways that threatens the peace, security and stability of the country.■

25 May 2003 [Unofficial Translation]

Inaugurating a Buddhist Temple in the Pagoda of Tropeang Ampil of Prey Chhor District, Kompong Cham Province

... Today I have a great pleasure to return to the district of Prey Chhor for participating with all of our people and monks to inaugurate the Buddhist temple in the pagoda of Tropeang Ampil. The pagoda is already 94 years old as it was first built in 1909 before it was destroyed by the Pol Pot genocide regime.

... Our people have tried their best with bare hands to reconstruct the pagoda. Monks were disrobed and forced to hard labour and most of them were killed. The Pol Pot genocide could only destroy Buddhist pagodas and kill Buddhist monks, and other religions, but they could never take it away from our people's hearts and minds. After January 07, 1979, we could therefore restore Buddhism, as well as Islam and Christianity, quickly.

... The venerable head monk is blind but with his vision nothing could hinder him from mobilizing our Buddhist parishioners, near and far, to perform positive actions as achievements for the society.

... This is a strong and clear message to the handicapped in Cambodia as well as in the world that one could be handicapped physically but not mentally and this is what I used to say to all of them that they should not be hopeless and be disappointed.

... His venerable head monk is blind but his mind is clear and bright that he could mobilize fund to almost 400 million Riel for the construction of the pagoda. HE provincial Governor Chieng Am just now said in his report that in the province of Kompong Cham there

are up to the moment 397 school buildings of 2029 classrooms built by my personal resources and I would offer to build three more today to make them in all 400 school buildings.

... From my helicopter I have seen roofs of schools and Buddhist temples, rural roads and more importantly water in the fields, which some are ploughed and being ploughed and some are under rice seedlings already. I think HE Agricultural Minister Chan Sarun shares my opinion that we will have a good rice harvest though the royal oxen picked on rice only 30% and up to 90% on bean...

... Some people said the royal oxen are afraid of SARS that is why they ate bean and there had been a rumor that a boy had SARS in Cambodia. It was just a rumour and if I do not wear mask yet, you could rest assured that we are safe.

... But it is true that SARS has caused negative impacts on economies in the region and Cambodia's tourism has lost its income in a size of 20 million dollars a month. This has also caused slight problem in the Riel currency exchange rate. SARS impact has to this day been a great impact on economy than terrorism. But Cambodia has not got a single case of SARS yet...

... Days ago I narrated a story of owner of a ship and owner of a sailboat. In Kompot I told a story of Mr. Chev and Mr. Klork. But in Prey Chhor (Standing Forest) today I should tell a story that is relating to forest. Long ago there was a village that fell into famine. Three men decided to

leave the village and one man decided to continue to keep on living in the village. After making great efforts to overcome all difficulties, the man who stayed behind had made a safe and good life.

... Some years later, the three returned. Once in the village the three saw a huge tree with a spirit house standing by. There were beehives on the tree from where the man who stayed in the village always picked off. His way of collecting beehives had been difficult as he had to pray the spirit "I collect the bees for sharing with people in the village." And normally he picked only one or two full honey beehives. The rest would be kept for other days.

... One day the three men who left the village came by. One of them said "why don't we just push the beehives down with a stick?" The second person said "Isn't it easier to just fell the tree down to get the hives?" and the third one said "why don't we just burn the spirit house first and chop the tree's branches to get the hives?" The spirit who listened to conversation was very angry that finally he was to get destroyed. He then told the bees to give the three men a bite...

... We could use the above story to compare with our present life. When Pol Pot killed us, no one stepped out and fought him. When Pol Pot was no longer there, many came out to light and started discussing about human rights. What on earth is human right? Is not it starting with the guarantee of the right to life, to education, etc? In that time none of the human rights were guaran-

teed...

... Some people shook hands with me but stepped on my feet. On April 27, he wrote to offer his official thanks to me, but three days later he attacked me. I think I would let the attack to go on because our people would soon recognize who caused the problem.

I would however warn that Hun Sen has not got just one specified person. I have many options open for me. So far Hun Sen has closed the door for others and left it open only for one person. If my hand is shaken while my foot is stepped on, I do not think I could go on shaking hands. We also have had in mind who could enjoy the choice but we would not say it until we are sure of what is going to happen...

Samdech Hun Sen offered on that occasion 47 million Riel and a set of amplifying equipment plus a generator to the pagoda of Tropeang Ampil, five million Riel each to the pagodas of Kralaong, Sraong, Prasat, Phnom Khsach, Choutanaram, Svayprey, Botum Tayoeuk Khnong, Kompong Samnanh, Chumpu Sathea, O Tathok, and the Khcheay Mosque, 19 million Riel to the pagoda of Khvet Thom, a school building of six classrooms to the College of Sreng Kim, a school building of five classrooms, a photocopier, two 14" color TVs, and two VCRs to the Junior College of Hun Sen-Prey Totoeung, a school building of six classrooms to the Primary School of Koh Kaphem, and 66 tons of rice for labor to the commune of Tropeang Preah. ■