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Visiting the Kandal Province's Rolaing Chrey Water Reservoir



During the visit to the Rolaing Chrey Water canals and reservoir, Samdech Hun Sen joined our people along the way to transplant rice seedlings (Photo: Virakmuny).

“... I have a great pleasure today to be able to join all of you in the area of Prek (canal of) Thnaot to resolve the issue of lack of water. During the inauguration in December 2002 of the Bailey bridge of “the Gratitude of Mentors” or Spean Kun Kru, I sounded out my plan for the area west of Phnom Penh in preparing water canals to get the water through into the area.

... The first 24 kilometer canal started in 2003 connecting the area of Chan Khnar to the districts of Chbar Mon, Samraong Tomg, and Angsnuol on the northern side of the national road 4. The second canal of 20 kilometers leads the water from O Kraing Ambal through the district of Samraong Tomg, Angsnuol and into the district of Dangkaor of Phnom Penh.

... On December 18 last year I came to the commune of Rolaing Ken, where I have got

some requests and one of them was to restore the depth of the Rolaing Ken Reservoir and Rolaing Kroeul. But reservoirs are for conserving rainwater, as long as there is no rain there will not be any water still.

... That is why in our master plan we have planned to bring water into the area from the Rolaing Chrey reservoir into the two reservoirs above. We could not solely depend on rainwater. Take for instance when we have this canal built, during the month of April before the Khmer New Year we were able to celebrate a boat race in the water scarce area.

... The plan has been carefully studied since when HE So Khun was the Head of Hydrology department but we have not got enough resources to start the project. As I could see that we cannot afford to wait
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20 August 2004

Addressing the 7th Royal Government-Private Sector Forum

It is a great honor and pleasure for me to join you all, the Members of the Royal Government of Cambodia, the Representatives of Private Sector and the Distinguished National and International Guests, again at this Royal Government-Private Sector Forum, after some delays in organizing this forum due to the busy schedule of the Royal Government involving some priority works including especially the July 2003 National Elections and the afterward political developments.

Indeed, we spent quite consid-

erable time in achieving a new government for the Third Legislature of the National Assembly. However, the successful solving of the political deadlock within a peaceful and stable environment and in a spirit of national reconciliation and democracy has provided us with a renewed and hopeful opportunity to embark on faster pace, more diversified and in-depth reforms in all the sectors where we have started in earlier terms. As I often mentioned, Cambodia has no other better choice than moving forward with all these steadfast reforms. With

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25 August 2004

Opening the National Conference on Administrative Reforms

“..., I am pleased and honored to participate in this very important conference to share with all of you, Excellencies, Ladies and Gentlemen, my views with regard to the administrative reforms.

At the same time, I would like also to extend my congratulation and appreciation to the Secretariat of the Council for Administrative Reforms for organizing this national conference, in cooperation with its development partners.

I consider this conference as a forum for our national policy institutions to take stock of their performance, results and the challenges that they have faced so far, in order to assess the strengths and weaknesses from the experiences for their future action plans.

As I often mentioned, both in the national and international forums, I strongly believe that Cambodia has no other better choice than moving forward with all the reforms, in a deep and diversified manner.

In this respect, we are fully aware that only if we have to push with the reforms together, then we can hope for freeing ourselves from poverty and hunger, and rebuilding the nation with pride and dignity.

Thus, only a strong commitment to follow the paths of in-depth and broader reforms will
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commitment to continued reforms, our chance to survive would be 90%, while surrendering the reforms the chance would drop to only 10%. It is in this spirit, that I proposed to set the date for the first new cabinet meeting on 16 July 2004, to devote the whole physical, mental and spiritual strengths of the Royal Government to accelerate the reforms through the implementation of the Royal Government's Political Platform and the Rectangular Strategy for Growth, Employment, Equity and Efficiency in Cambodia I set out as an *Economic Policy Agenda* for implementing the political platform of the Royal Government.

As I have already described the overall contents of the Rectangular Strategy in the first Cabinet Meeting of 16 July 2004, and the meeting being fully broadcasted and reported through media and national television networks, I think there is no need for me to discuss again on the strategy. I also instructed the Supreme National Economy Council-SNEC, my think-tank, to provide copies of the Strategy, in both English and Khmer, to the CDC for distribution to our partners from the private sector here present today.

Nevertheless, I wish to take this opportunity to elaborate on the priority policies and specific measures of the Royal Government in the development of the private sector, which represents one of the four important strategic rectangles for the promotion of growth and employment for our people.

As I have mentioned in previous occasions, I declare this forum as an "Enlarged Cabinet Meeting" for us all, the Royal Government and the Private Sector, to jointly set concrete

measures aimed at ensuring a conducive investment climate for all businesses, be they domestic or foreign. In that sense, I would speak frankly and straight to the points on issues related to impediments to investments and related to the livelihood of Cambodian people as a whole.

At the outset, may I inform our private sector partners that, in my capacity as Prime Minister, I have delegated sectoral tasks to the Deputy Prime Ministers to coordinate, administer and provide recommendations concerning their respective sectors. I myself assume the overall responsibility of leading the tasks of the Cabinet and providing instructions on all activities of the Royal Government in all sectors. However, I have decided to take care personally of the natural disaster management, economy and finance, as well as of the CDC. This point out to the fact that the development of private sector represents one of highest priorities I focus on, in my capacity as Head of the Royal Government.

May I remind you all that CDC has two main duties: (i) the coordination and mobilization of assistance from the international community, and (ii) the promotion of private investment. In this framework, the inflow of investments into Cambodia through both channels, either in the form of Official Development Assistance (ODA) or that of Foreign Direct Investment (FDI), are equally important to the development of the country. Thus, with the aim to strengthen the CDC and making it more effective I have invited Samdech Krom Preah **Norodom Ranariddh** to co-chair the CDC with me.

The Royal Government has always considered the private

sector as the engine of growth. Therefore, the strengthening of the partnership between the Government and Private Sector must be harmonious and consistent with the Government's rational interventions in the economy, combined with thorough development and enforcement of laws and regulations, as well as the effective support and facilitation by the relevant Government agencies.

Indeed, a healthy private sector is key to promoting economic development. Thus, the Royal Government will continue strengthening the legal framework, regulations and institutional capacity to facilitate business and private investment activities, especially in ensuring fair competition, transparency, accountability and fruitful partnership between private and public sectors. In this context, favorable environment for private sector has to be strengthened through good governance, as well as the promotion of human resource development. More specifically, priorities are given to developing the following concrete measures:

I. Trade Facilitation, by:

1. Rationalizing Government's agencies that impose high costs and delays on private sector, such as those units under the responsibility of the Ministry of Economy and Finance, particularly the Custom and Excise Department, the Ministry of Interior, the Ministry of Commerce, the Ministry of Public Works and Transport, the Ministry of Industry Mines and Energy, the Ministry of Health, the Ministry of Agriculture Forestry and Fishery as well as the Ministry of Social Affairs and Labor;

2. Reducing transaction costs on the import and export of goods while increasing Government's revenue;
3. Reducing unnecessary and overlapping transaction costs in trade transactions,
4. Reducing time of import and export process,
5. Increasing predictability of time and costs of export and import process, and
6. Maintaining the compliance vis a vis the guiding principles of the World Trade Organization and World Customs Organization (WCO).

II. Promotion of market infrastructure and deregulation, by:

1. Reducing time and costs imposed by different types of inspection;
2. Establishing an information system to facilitate firms to have access to bank credits and to help commercial banks evaluate investment proposals;
3. Institutionalizing the labor market through the development of a registry of required skill profile, training needs and availability of human resources for the private sector;
4. Improving infrastructure, expanding the coverage of electricity, telephone and communications network, water supply and sewerage system, increasing the efficiency of ports, reducing the costs of electricity, port handling, transportation and communications;
5. Discouraging monopolistic trading arrangement through the relaxation of licensing and inspection requirements;

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6. Increasing the participation of firms in the formal economy by reducing the regulatory burden on firms. This will involve: reducing the cost of registration; elimination of obsolete and unnecessary licensing requirements; elimination of minimum capital thresholds for registration; and reforming the inspection regime.
7. Introducing a law governing all forms of private participation in infrastructure;
8. Revisiting the generous provisions on overtime, nightshifts, and holidays, while upholding the core labor standards with the view to make Cambodia's garment industry competitive;

III. Enhancing market access and access to information, by:

1. Strengthening trade promotion and market information activities;
2. Developing a directory of enterprises, to be combined with the computerized registration system;
3. Developing website to promote local products;
4. Strengthening capacity of Customs Department to prevent smuggling;
5. Developing export promotion potential through the establishment of industrial zones for exporters.

4. Promoting Small and Medium Enterprises, by:

1. Encouraging the development of SMEs, especially through the provision of medium and long term finance;
2. Suppressing smuggling of

all kinds;

3. Reducing registration procedures and start-up processes for companies;
4. Facilitating export-import activities by simplifying procedures such as licensing and other authorization,
5. Supporting some infant industries for an appropriate period;
6. Promoting linkages between SMEs and large enterprises;
7. Establishing a national center for productivity to assist SMEs, enhancing their productivity and reducing production costs;
8. Establishing a national standards institution to help ensure the quality of domestic products to meet regional and international standards;
9. Establishing national laboratories for physics, chemistry, micro-biology, mechanics and tests for quality and criteria of products;
10. Strengthening mechanisms for the protection of industrial intellectual property rights, to prevent illegal copying, re-creation and illegal use of new techniques and technology;
11. Promoting vocational/skills training, both domestic and overseas;
12. Expanding and accelerating the "one village, one product" program; and
13. Strengthening the legal framework by creating laws related to: factories, industrial zones, patents and inventions, measurements and industrial safety etc.

In setting all these specific

policy measures as mentioned above, in my capacity of Head of the RGC, I have also decided to immediately organize and strengthen the key institutional mechanisms to implement all those measures in order to achieve concrete outcomes. In any case, performance is the real key to success. In this sense, on 26 July 2004, 10 days after the first cabinet meeting, I have decided to establish the Steering Committee for Private Sector Development through Decision 44 SSR. This Committee is chaired by Sr. Minister and Minister of Economy and Finance, with the Sr. Minister and Minister of Commerce as Deputy Chairman, and the Governor of the National Bank of Cambodia and the Ministers of MIME, MAFF, MPWT and MOT as Members, while H.E. Sok Chenda, Secretary General of CDC, serves as its Secretary.

The Steering Committee performs the following tasks:

1. *Act as the etat major of the Head of the Royal Government in leading, implementing, and monitoring the implementation of the Rectangular Strategy on Private Sector Development.*
2. *Propose and put into implementation measures for investment climate improvement.*
3. *Propose and put into implementation measures for trade facilitation*
4. *Propose and put into implementation measures for Small and Medium Enterprises Promotion*
5. *Propose and put into implementation other measures for private sector promotion.*

In practice, the Steering Com-

mittee for Private Sector Development is supported by three Sub-committees which help cover three respective areas: (i) *the Sub-committee on Investment Climate and Private Participation in Infrastructure (PPI) chaired by the Sr. Minister, Minister of Economy and Finance;* (ii) *Sub-committee on Trade Facilitation chaired by the Sr. Minister, Minister of Commerce;* and (iii) *Sub-committee on SMEs chaired by the Minister of Industry, Mines and Energy.* I signed the Decision 46 SSR to establish these three sub-committees on 11 August 2004.

The Steering Committee and its three Sub-committees will work closely with our development partners who want to assist Cambodia on the development of private sector, including the WB, ADB, UNDP, JICA, AUSAID, GTZ and AFD, based on SWAPs arrangements to ensure the Royal Government's ownership of the reform program and to enhance the efficiency in the use of all kinds of assistance. Now, the three Sub-committees are already operational, particularly I have advised them to focus on trade facilitation as a top priority and urgent matter for the short run, meaning these Sub-committees have to produce measurable results with clear action plans from now on to the end of 2005.

In this context, I sincerely thank Sr. Minister Cham Prasith for calling a meeting of the Sub-committee on Trade Facilitation on 16 August 2004, upon my recommendation, to set out some specific measures to facilitate businesses in Cambodia aiming at reducing costs and time imposed on companies in their import and export operations and company registration, including: (i) *the introduction of a joint inspection by CAMCon-*

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trol and the Customs and Excise Department effective from 1 September 2004, and issuing only one common inspection report; (ii) based on this common report, MIME and MOC will issue the Certificate of Processing (CP) and Certificate of Origin (CO) respectively, and other related documents such as visa on C/I or E/L to exporters immediately, while the two ministries will jointly conduct post-export inspection; and (iii) the introduction of measures to reduce costs and time for company registration at the MOC. From 1 September 2004 the costs of registration will be reduced from USD615 to USD177 while the time spent on paperwork/formalities will also be reduced from 30 days to 10 and a half days.

This is an effective working arrangement the RGC wants and it will help Cambodian economy to effectively compete with other economies in the region in attracting investments. Thus, I urge the Sub-committee on Trade Facilitation to reinforce the implementation of the decisions quickly and effectively, and continue to work closely with the donor and private sector partners in setting further specific and effective measures in order to fine-tune the competitiveness of Cambodian economy. At the same time, may I ask the Ministry of Inspection and Relations with the National Assembly to play the monitoring role of the implementation of these decisions, and constantly and regularly report to me, the Head of the Royal Government, on the status of actual implementation.

Indeed, the other two Sub-committees should not stand by, but rather have to act and be proactive too. Thus, I advise the Steering Committee and the three Sub-committees to prepare and implement action

plans with specific expected outcomes and time frame, which can be verified against set policies and objectives. For example, how much unofficial costs can be reduced for import-export operations? and how much the time spent on paperwork and inspection for import/export operation can be reduced? and when? By doing so, we can ensure the competitiveness of Cambodian economy with other economies in the region.

The Cambodian membership in the WTO has been viewed as an important step in increasing trade and attracting FDI. Thus, Cambodia will make use of the opportunity deriving from this membership to implement a comprehensive reform agenda, which will result in increased employment and income for our people and sustainable development. In this sense, I wish to call on all the development partners of Cambodia to help provide all kind of assistance to support the activities of the Steering Committee on Private Sector Development and its three Sub-committees, and to ensure the consistency of cooperation with and among development partners, as well as with and among Private sector partners. To ensure the effectiveness of the coordination and execution of the assistance, I have assigned H.E. Keat Chhon, Sr. Minister and Minister of Economy and Finance, First Vice Chairman of CDC to be the Co-chair of the Consultative Group meeting with development partners and on the other hand to be the Coordinator of the Government-Private Sector Forum, the Chair of the Steering Committee for Private Sector Development and the Chair of Sub-committee on Investment Climate and PPI.

As described above, the development of private sector re-

quires involvement and support from the development partners of Cambodia. More importantly, it requires active cooperation from private sector partners. For this reason, I have instructed to revive immediately the seven Working Group process, which operate under this Government-Private Sector Forum and each of them being Co-Chaired by a cabinet member and a representative of the private sector.

You may be confused by the respective role of the 7 Working Groups and the Steering Committee on Private Sector Development and its three Sub-committees. I would like to clarify that the seven WGs are a Sectoral Consultative Mechanism within the Government-Private Sector Forum, which was initiated during the last mandate, while the Steering Committee and its three Sub-committees are a new mechanism created to assist the Royal Government to set, lead and monitor the implementation of policies, strategies and action plans of the Royal Government which aims at promoting the development of private sector, including playing the role of focal point for the RGC to coordinate works with development partners.

The two mechanisms are closely interrelated as the Co-chairs of the seven WGs from the government are the members of the Steering Committee on Private Sector Development. On the other hand, through the seven working groups the private sector partners are able to actively, positively and constructively participate in the formulation of action plans and monitor the implementation of the RGC's Private Sector Development Strategy. Moreover, I wish to agree with the view of H.E. Sr. Minister Keat Chhon that the

Seven Working Groups can engage in a tripartite dialogue (RGC-Private Sector-Donor Community) or a quadripartite one (RGC-Private Sector-Donor Community-workers community).

As an example, within the WG "D" on Law, Taxation and Governance the representatives of private sector may have raised questions on a number of matters, such as those involving the Law on Taxation or the BOT projects so on and so forth. In this regard, I advise the Sr. Minister and Minister of Economy and Finance, Co-Chair of WG "D" to take the questions and initiate discussions in order to find solution and clarification within the Group "D" itself as well as within the Sub-committee on Investment Climate and PPI. For other questions and proposals raised by the private sector in other sectors, I would also like to ask the other Co-chairs from the RGC proceed in the same manner in their respective competency.

I would like to take this opportunity to bring to your attention that even we are all concerned by the future of the textile industry in Cambodia due to the phasing out of the "Multi-fiber Agreement" by the end of December 2004, the figure from CDC shows that 22 companies have expanded their production capacities in the last 19 months creating 42,000 additional jobs. This increase clearly shows that garment production in Cambodia is still on remarkable progress and it also reflects that the companies are optimistic about their operations in Cambodia. By saying that, it does not mean we are going to wait and see, but instead we will try our best to enhance our operational mechanisms and to reform the trading system. In other words, we must be always proactive.

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There are only 4 years left in this 3rd Mandate of the National Assembly. Therefore, we are obliged to remind ourselves everyday that we have to compete with other countries to attract investments, to work for our development and to reduce poverty of the people. In this sense, I would advice all the Seven Working Groups to urgently take measures in order to solve problems in their respective sector, by clearly setting the timeframe of the expected outcomes as follows:

Working Group A on Agriculture and Agro-industry shall discuss with private sector partners, the MOC and other institutions in order to speed up the implementation of the Agreement between the Royal Government of Cambodia and the Government of the People's Republic of China, in which the Chinese government allows the duty free importation of 297 products from Cambodia to China. This preferential treatment was effective since the 1st January 2004. Moreover, there should be a discussion with the Tourism WG and the Manufacturing Working Group on the "backward linkages" of the tourism and garment sectors, the engines currently promoting our economic growth, with our agriculture sector and our manufacturing sector. In this sense, we should look for all the alternatives in these two sectors to help absorb "resources" that flow from outside through tourism and garment sectors, especially through playing the role of suppliers and sub-contractors of such supplies or sales of products such as fishes, meat and vegetables and others such as handicrafts and souvenirs, for hotels and tourism related industry. Also, our SMEs will supply or be sub-contracted by foreign companies, especially in the garment sector. Thus, I

would like to encourage the revival of the concept of "One village, One product" in order to supply goods and services to our tourism market.

Working Group B on Tourism shall discuss with private partners to study and solve the issue of high package tour's price in Cambodia compared to the ones of other neighboring countries in the region. I know that the package tour price in Thailand is very cheap, with cheap air transportation, cheap meals and accommodation, because travel agents earn only commissions from restaurants, hotels and other shopping centers for tourists. Moreover, the Ministry of Tourism has to coordinate with the Ministry of Culture, local authorities, related institutions and private partners to look for ways to organize festivals and events; so that the average length of stay will be increased from the current low level. Furthermore, the Ministry of Tourism is now preparing a Sub-decree on the establishment of the Tourism Marketing Promotion Board. Therefore, I would encourage the Working Group B to finalize the preparation of this sub-decree as soon as possible and effectively implement it.

Working Group C on Manufacturing and SMEs has to stimulate and promote SME activities in all the provinces of the Kingdom in order to avoid having many activities concentrated only in Phnom Penh, Kampong Cham, Seam Reap, Battambang and Sihanoukville. Currently, the situation is different from 10 years ago, as we are now having better physical infrastructure such as roads, electricity, airports and seaports, and we expect more to come in the future. As far as the energy sector is concerned, the prov-

inces along the borders of Vietnam, Laos and Thailand will have electricity at cheaper prices than the current ones because Cambodia will import electricity from these three countries.

Working Group D on Law, Governance and Taxation has to focus on the promotion of private sector participation in drafting laws and regulations, by providing appropriate agenda and enough time for the private sector to study and to provide comments. Moreover, this working group has to facilitate and fully cooperate with other related working groups in order to promote the preparation and adoption of a number of laws as soon as possible, especially all laws mentioned in the priority list of Cambodia obligations under the World Trade Organization. At the same time, there is a need to fully, widely and timely publish and disseminate our laws in the "Official Gazette". We should remember this is an important obligation of Cambodia towards the World Trade Organization. Another important issue is to speed up the finalization of Sub-degree on Economic Land Concession, because it is our assurance and commitment vis-a-vis investors.

Working Group E on Service Sector including banking and financial services has to discuss with Ministry of Economy and Finance and private sectors partners on measure to facilitate and encourage the use of the banking services in order to promote trade and investment. Moreover, I advise the working group to consider the amendment of the Law on Customers Confidentiality involving the provision of information provided to third parties and the Law on Borrower Obligation, balancing the cost and benefit of both

lender and borrower that will specially help reduce risks related to medium and long-term lending.

Working Group F on Energy and Infrastructure has to seek all the possibilities to welcome serious partners to participate in the construction of all kinds of physical infrastructure within appropriate conditions. It is important to update the list of infrastructure projects, for domestic and international promotion, in order to attract transparent participation from private partners.

Working Group G on Export Processing and Trade Facilitation has to utilize all potential and opportunities derived from Cambodia's cooperation in regional and sub-regional frameworks, as well as from our membership in the WTO, and especially from the Joint Development Cooperation along borders of Cambodia-Thailand, Cambodia-Laos-Vietnam and Cambodia-Laos-Thailand.

In general, I would like to remind my colleagues in the Royal Government once again that "we cannot sit and wait for investors to come to us, but we have to go towards investors, as money will never come to us, it is us who have to go towards money". In that sense, we have to always uphold a proactive approach in order to attract and facilitate investment. As a matter of fact, I would request the Council for the Development of Cambodia to cooperate with the Ministry of Planning (National Institute of Statistics), related ministries and provincial authorities to collect data concerning the opportunities for investment of each province of Cambodia as soon as possible. These statistics would include: total land areas, non-developed land areas, land

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 characteristics, annual average quantity of rain, temperature, infrastructure, population, labor cost, natural resources, etc... These information shall be compiled in a book for both domestic and international promotion, through all means including during exhibitions and trade fairs, in embassies and consulates, Internet and other means. In the past, the Council for the Development of Cambodia has collected such information in a number of provinces but has not had close cooperation with related ministries and institutions. Thus, please continue this work in a more scientific; systematic and effective way. Taking this opportunity, may I call for all ministries and government institutions especially the provincial authorities to provide full cooperation to CDC in this endeavor.

Currently, the CDC in close cooperation with a number of ministries and institutions is preparing the sub-decree on the implementation of the amended Investment Law, which was adopted by the legislative body in March 2003. Article 7 of this amended law requires the CDC to act on behalf of investors in seeking license and authorization from related ministries and institutions, whereby those ministries and institutions shall issue such document within 28 days. From 20 August 2004 onwards, I request the CDC to implement this procedure immediately without waiting for the sub-decree to be signed. In this sense, from 20 August 2004, investors will lodge their applications to the CDC both for investment approval and licenses and other authorization in order to start their projects. On behalf of the applicants, the CDC will act as a broker to get authorizations and other licenses from concerned ministries and institutions within a period of 28

days. From today, investors do not need anymore to get authorization and licenses from ministries and institutions directly. I know that a number of ministries and institutions have assigned their staff to station at the CDC, but as it is, the mechanism cannot be considered yet as a real "one stop service". Therefore, the CDC and other ministries and institutions must strengthen their cooperation to make it, as a real One-Stop Service. As for the approach to implement this, it is simple! In case that a ministry or institution does not respond within 28 days, it automatically implies that they agree and the decision is made by the CDC, which is considered final and binding decision.

Moreover, to attract investors and tourists to Cambodia, I request the CDC to closely cooperate with Ministry of Foreign Affairs and International Cooperation to provide necessary information to tourists and investors. For the important cities, where Cambodia has not yet embassy nor official consulate, the CDC should look for foreign partners in order to establish CDC branches there, by requesting those partners to sponsor the operation of the CDC branches in providing necessary information on tourism and investment to potential tourists and investors. We can appoint those branches as "Honorary Consulates" which has the right to issue visa. This arrangement has been implemented by many small countries who are short of resources. I would ask the CDC to study the possibility of setting up the honorary consulates, first focusing on a number of provinces of the People's Republic of China, which represents a big market of tourists and a source of potential investors for Cambodia. At the same time, I would

ask the Ministry of Foreign Affairs and International Cooperation to modify our diplomat behavior, they were previously focusing only on political and diplomatic matters, they now have to help attracting tourists and investors and open up markets for trade in the country of assignment, - thus considering economic, tourism, trade and investment relations as pillars supporting political and diplomatic relations.

In summary, we see that all recommendations I have indicated earlier, require dialogue, consultation and participation from stakeholders. Therefore, I would call on all the Members of the Working Groups from both the government and private sector including foreign and Cambodian private sector to revive their active participation in the dialogue within the framework of the 7 Working Groups. I hope all discussions and dialogues will be constructive. As I already mentioned during the 6th forum, if a problem cannot be solved at the working group level, representatives from the private sector can meet and solve the issue with me, in a restricted meeting, at a convenient moment.

I would also like to take this opportunity to appeal to all businessmen, both foreign and domestic, to strengthen their corporate governance. While the Royal Government is advancing on its institutional and public governance reforms, the business community needs to uphold the behavior of honesty and responsibility. In order to encourage companies that have enhanced their governance, by complying with the government's laws and regulations, demonstrating good corporate social responsibility and making contribution to the cause of development of Cam-

bodia, the government will provide an Annual National Award for Good Corporate Citizenship to a number of leading and model companies. I would ask the Ministry of Commerce to make arrangement for this in cooperation with donor partners who supports this initiative, such as the World Bank.

On 6 December 2004, there will be a Consultative Group Meeting (CG) between the Royal Government and its development partners, to be held here in this Government Palace. From now on to the next CG Meeting in December, I would like to see tangible progress and improvements in private sector development. I will wait impatiently for the reports from the Seven Working Groups, from the Steering Committee for Private Sector Development, as well as from the three Sub-committees.

Before ending, I would like to thank the CDC for the preparation of today's forum and express my high appreciations to all the officials of the CDC under the leadership of the three Vice-presidents who have fulfilled their noble duty, both with donors and the private sector. I also express my sincere gratitude to all development partners, namely, the World Bank, ADB, UNDP, JICA, AUSAID, GTZ and AFD and many others for their continuing and truthful support extended to us for the development of our private sector.

In the very near future, my colleagues and I will be seeing all of you once again at the 8th Government-Private Sector Forum where we will go back to the it previous format, by having reports and interventions from the seven working groups, with frank and open discussions..."■

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help transforming Cambodia into a nation with peace, stability, progress, prosperity and a country with freely and openly development, well integrated into regional and world communities. On contrary, if we get rid of the reforms we certainly will lose our chance and opportunity at hand now and will remain captured by the poverty, conflicts and endless uncertainties.

Indeed, our strategies and activities for the next four years need to be firmly rooted for the cause of a sustainable development, especially the efforts aimed at achieving peace, development and prosperity for each and every one in the future. As I have proposed during the 1st Council of Ministers meeting on 16 July 2004, the Royal Government at the present is the government of Employment, Equity and Efficiency.

Thus, in order to attain these objectives, we have to profoundly implement the prioritized activities of "Rectangular Strategy" which adopted by the Royal Government at the 1st Council of Ministers meeting.

The key contents of this "Rectangular Strategy" are to continue actions and strengthen the results that the Royal Government of Cambodia has achieved during its 2nd Mandate through implementing the Triangle Strategy and identified priority components of the "Millennium Development Goals", the "Five years Social-Economic Development Plan 2001-2005", the "National Poverty Reduction Strategy 2003-2005" and other strategies, and through broad discussions nationally and internationally including among ministries/institutions, civil society and donor community.

The main objective of the

"Rectangular Strategy" is to improve and enhance the capacity of public institutions, promote good governance and modernize the nation's economic infrastructure, aiming at promoting economic growth and employment generation, guaranteeing social equity and increasing the effectiveness of public sector, including the preservation of natural and cultural heritages. All these are the most important factors to sustainable development and poverty reduction.

I will not go into more details about the "Rectangular Strategy" as this strategy has been already disseminated and publicly publicized. Moreover, upon my instruction, the Supreme National Economic Council has organized the national workshop to launch the strategy and discuss its detailed programme among all civil servants from ministries/institutions of the Royal Government. Instead, I will make additional comments on one topic that is directly related to this conference.

As H.E. Deputy Prime Minister Sok Ann has briefly reported, the core of the Rectangular Strategy of the Royal Government is Good Governance where the State Reform forms an important part.

I. Good Governance

As I have just mentioned previously good governance is the backbone of development. The enhancement of good governance in our country is very crucial for ensuring peace, stability, progress, prosperity and sustainable development, as well as actual poverty reduction of our people.

At the same time, I would like

to suggest that good governance is not a new matter for Cambodia. For the last ten years, our journey is strongly and proactively moving forward together with peace, stability, and social order which has been rebuilt everywhere in Cambodia. On another hand, the reforms have been strengthened and promoted more deeply in all areas and all sectors.

The previous Royal Government has accomplished many crucial tasks toward good governance. In March 2001, The RGC has been approved on more than 100 concrete actions of good governance to be included in the Good Governance Action Plan. The Good Governance Action Plan covers over seven components of actions from legal and judiciary reforms to the reforms of natural resource management.

Indeed, the progress sometimes was impeded due to other obligation that needs to be met. This task is such essential for us to accomplish to enhance good governance in according to the real events, especially better reflecting the priority issues highlighted in the government's "Rectangular Strategy".

Nowadays, we are currently promoting the good governance action plan, according to the real situation, under the direction of the Council of Administration Reform. In this case, I would like to urge line ministries and all development partners, to fully coordinate with the Council of Administration Reform in order to finalize this new governance action plan for adoption as soon as possible.

While this draft will be completed in the next few weeks, the Council of Administration

Reform will lead a broad discussion with line ministries and other development partners, thus finalizing the draft for approval by the RGC before end of the year.

II. State Reform

We all agree that executive branches must be a good bridge and efficient partner of legislative and judiciary bodies as well as that of all development partners in every development activity of the nation.

At the same time, executive body must pay attention on attracting public investment and enhancing quality of public services as service provider. Public services with quality have to be delivered to people timely where there are needed. This means administrative institutions must transform themselves to be efficient service providers who are present widely across the country.

In order to implement this spirit, I think public servants need to change their way of working or their way of thinking, by changing the view of being as administrators to the public service providers. In this sense, the State has to be close to the people, be transparent, efficient and especially be open and responsive to people's needs. In short, the State has to pay more attention to their respective clients as a successful private firm.

Relating to State reform, the Royal Government in the last mandate has adopted two basic strategies which are the policies to further promote efforts in State reform. These strategies are:

1. Public Service Rationalization Strategy

This strategy puts forward
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objectives to strengthen the capacity of public service delivery, to be a confident development partner. Initiatives on priority issues related to salary, employment and public service delivery are being implemented with our available resources.

2. National Poverty Reduction Strategy (NPRS)

NPRS is the result of comprehensive consultations with all the development partners. Indeed, this strategy defines identity of institutional strengthening and governance improvement, which are the important factors for moving forward toward success in improving peoples' livelihood.

All at once, NPRS also suggests ways and priorities in every sector in order to reduce the poverty of our people.

In the next several weeks, the Council for Administrative Reform and its partners will define operational objectives for actions which will lead to the success, and identify stages for the sustainable development and good governance.

As we already know, within a successful market economy framework, the State always avoids itself from activities where the market and private sector can effectively operate. On the contrary, the State must put more emphasis on main responsibility such as assuring the rule of law, especially public service delivery with high quality.

In this sense, the State must establish a regulatory framework that supports transparency and must attentively implement macroeconomic policy, as well as establish a favorable financial environment for investment and trade activities.

At this point, public service delivery must generate direct positive effects on people welfare, especially in education and health sectors.

Indeed, the State must pay high attention on corruption eradication in every form. This means the State must achieve all the aspects of good governance which represent the necessary conditions in raising saving, investment and sustainable growth.

Experiences have shown that, in order to achieve concrete changes in economic environment, we have to formulate an internally consistent policy. Moreover, we have to implement this policy with a view of generating concrete achievements in a level that assure the momentum and determination of the reform.

Only by doing so, the reforms will not retreat while Cambodia is advancing on integration into regional and global economy. Disrupted and scattered reforms, which result in impediments to domestic economic activities, cannot assure positive reaction from investors and development partners.

For these reasons, I think that each reform program must be jointly implemented, so as to successfully put into operation our Rectangular Strategy. Administrative reform, public financial reform, legal and judiciary reform, the reform of armed forces and good governance are the main factors that lead us to success in the sustainable development of our country.

Cambodia has gone through a long journey of development since the last ten years, defining the path and knowing exactly the potential for development.

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any longer, we have pooled a fair amount of money and some 4,000 tons of rice to get the construction site started.

... With the help of the Ministry of Water Resources and the participation of the Royal Cambodian Armed Forces in breaking stones along the canal, the people and the local authorities at all levels, we have at this moment scored a substantially initial achievements and in the next stage we will lead water through to the national road 3 and to Tonle Bati of Takeo.

... For this reason we have numerous tasks to go on. We have now completed two main canals and more small canals to build. We should consider building them using heavy machines.

... I am disappointed with OPEC, in this concern, as they produce and sell oil at varying amounts and costs. We have planned Riel 500 million for petrol but it turned out to be Riel 700 million. So it is demanding that we have to finish the second tributary by machine but would go for rice for labor for the third one.

The Royal Government realizes that time, preparation and resource are crucial factors for success. Indeed, Angkor Wat was built by putting stones together with strong will and fine vision. In this sense, fraternity among Cambodians and with support from international development partners shall play an important role for success and achievement.

In conclusion, I encourage full implementation of action plan for administrative reform. Administrative and public administration reforms must be implemented and considered as the most important mission...■

... It is worth mentioning that when we build 70 kilometers long canal we also get 70 kilometers long dirt road as well. This is what I mentioned in my book "Ten Year March of Cambodia" because I see that when the canal is built, the road is also coming along and we could cover it with laterite so that both problems could be addressed at the same time -- the need for water and road for commuting.

... This would allow access to the countryside, as I just told HE Thaong Khon and Lay Prohoas, so that agro-tourism could be promoted. As I can see now we have yet to bring water into the canal as I notice only some water on either side of the canal only. We have to equip 15 water pumps to keep the level of water in the canal accessible by all farmers. This is one of the hard years for us as the Prek Thnaot canal is dried and the level of water fell so low that pumping is inapplicable.

... One more thing that is good today is the presence of officials of the CPP and FUNCINPEC together as I told Samdech Krom Preah (President of FUNCINPEC) that where there is CPP there must also be FUNCINPEC and vice versa. No matter what party they belong to, the people need water for their rice fields and by working together I am sure it will boost our efforts to a new level. I am sure this is good for the country.

... Today I also have a visit to make to Chbar Morn and return to Kdey Lovea to inspect the canal system and to observe the rice transplanting situation in the area. It is also alarming that as we have water in this area, we also have many places affected by drought because rain has not yet been that much as needed. So it clearly illustrates that water is a major issue here in the country...■