

# Cambodia New Vision

Issue 96

<http://www.cnv.org.kh>

January, 2006

**31 January 2006** (Unofficial Translation of Selected Comments)

## Inauguration of 16 Bailey Bridges and Roads in Kandal



31 January 06—Samdech Hun Sen and Madame were warmly greeted by the people of Khsach Kandal district upon their arrivals to inaugurate 16 Bailey Bridges and to build a new one.

... My wife and I are happy to be with all of our people in the district of Khsach Kandal for the celebration of inauguration of 16 Bailey bridges and the groundbreaking of a bridge at the point of Preah Kunlong after it was first built in 1990. I wish to affirm that we have two ceremonies to observe – inauguration of bridges and groundbreaking for road and new bridge construction. The 16 bridges extend to about 714 meters and a road that extends to a length of 26,800 meters. I came here on January 14, 2003 in Prey Bang for the construction of those bridges and because it was difficult for me to find time to inaugurate them, I have decided that we come here today to inaugurate them all in one place. I would like to take this solemn occasion to express my sincere appreciation and thanks to the engineering and all construction teams for having completed the works.

According to brief statistics reported to me by HE Kong

leng, at the time we constructed the roads, there was traffic of about up to 100 cars, 100 to 250 motorbikes per day in between Prek Tameak and Kompong Popil. After the roads and bridges are completed, the number of traffic rises to between 800 and 1174 cars and 1100 and 1445 motorbikes and takes a shorter time. This indicates clearly that the road proves to be an economic advantage and important route of traffic. The construction of bridges in the past years have brought about the closure of many ferry service, take for instance the Kizuna bridge allows us to bring the ferry to Prek Tameak of Kandal from Tonle Bet of Kompong Cham. I talked to Finance Minister HE Keat Chhun and Transport Minister HE Sun Chanthol at the time that we complete the national road 8, the construction of a bridge over the Mekong at Prek Tameak is feasible in the form of BOT.

Today I wish to reiterate that  
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**30 January 2006** (Unofficial Translation of Selected Comments)

## Presenting Diplomas to BBU Graduates

... In the name of the Royal Government of Cambodia, honorable guests, and on my wife's and my behalf, I wish to express my joy with parents, superintendents of graduates upon their completion of their study and receiving herewith diplomas of graduation. It is indeed a pleasure that my wife and I are here for the first time to join in a graduation ceremony of BBU for 2705 graduates among the 16,000 students currently conducting their studies. Today we are presenting

diplomas for three levels of graduation – which signifies our pride that education has been a valuable pursuance among our people, especially for some as continuing education while in work. Study is not only for work or for diploma, but it is an objective that needs to be pursued in one whole life. It is in this remark that once again I wish to express my admiration to and pleasure with students from all circles for having completed with great  
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**11 January 2006** (Selected Comments and Prepared Text)

## Comments at the National Microfinance Conference

... Please allow me to take your attention further on this conference. First of all I would like to speak a little more about the macro and micro economic relations aimed at attracting consideration from all related institutions with regard to income and expense. Microfinance would not survive anyway if microfinance collapses. Therefore we have to strive to maintain the macro-economic stability. I have mentioned many times that a bomb itself would damage a size of one or two villages, but the bomb of financial issue would affect all sectors. It is in this remark that the Royal Government carefully initiates reform of public finance. Authorities at all levels concerned and related with expense request should grant understanding on the Ministry of Economy and Finance for its seriousness in being the Royal Government's general staff.

In the past years we have been

operating a mechanism of one commander in chief and one chief of general staff. Take for example, once the budget is adopted, why there is not yet money to be disbursed? Cambodia never has money in reserve, but always makes money while having to cover expenses. We used to compare a process to 12 cut-pieces of a cucumber or a 12 parts of an adopted budget to be disbursed a part at a time throughout the period of twelve months or one year. We provided a bigger share to two sectors – irrigation and communication. Implementation of the two sectors is seasonal as all constructions could be implemented only in the drought reason.

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efforts their studies that we are here to honor them as intellectuals of our nation – an important element in our efforts to reduce poverty through the development of human resources.

We should also see this as a great sacrifice of all the families so that their loved ones could get the best education possible. Take for instance, we could imagine, 100 US dollars for one student, that there need to have an expense of 1,600,000 US dollars – which for us is a major investment in the field of education by all – the Royal Government, the community and especially the family. They set aside budgets for education of their children. When Cambodia was first liberated, if I am not mistaken, we did not have the National Institute for Education yet. I came here, that was the re-training center for teachers, from my residence which is not far from here. I came across the street to give some political orientation to its trainees. The city was indeed quiet. But it has grown now to a new busy city, which I think, is having a different sort of difficulties compared to before.

In my visit to HM the King in the presentation of the Ministry of Interior, I told HM that it is like we have a health problem on our own – before we had neither shoes nor clothes to put on, no means of transport, but as of now we have problems of those having more bikes than needed, so they use them in race, from which accidents caused damages and deaths. What we had left from Pol Pot's regime was nil – insufficient food, orphans, widows, and great number of needy people. Displacing people from one side of the country to another out-rooted our people's connection to their life support bases, in which one would have

access to land but no access to drought animals, or to house but not to food stuff, etc. Orphans in those days have now turned to their thirties without having a knowledge who their parents are. Cambodia in those days had to strive to survive on the one hand, and to prevent the return of Pol Pot regime on the other. Teachers were recruited in those days from those who survived the killing.

Cambodia in those days suffered economic sanction and as we now start the Khmer Rouge trial process I think Cambodia deserves compensation in bulk. When we fought against the Pol Pot, they allowed him the UN seat. Now some people talks about international pressure (on Hun Sen about the arrests). I wish they balance what they are going to say because what they say may decide on their fates. In fact the rectangular strategy is to strengthen every fields including education – because unqualified education would lead to unqualified labor service, for which I think the private tertiary education would not be able to stand firm in this matter. Student enrollment indicates the quality of education that those institutions may be able to offer. BBU now is a university with extension of relations to many foreign universities, in addition to branches in various provinces in Cambodia.

Last week, my wife and I went to Svay Rieng province to put into use the Svay Rieng University (SRU). I am glad to notice the trend of extending university facilities to the provincial level, which as I said there is a move to reduce people's poverty and increase gender equity in access to education for students in rural areas.

I wish to mention about defamation case which is also stipulated in the Article 12 of the universal declaration on human rights. I know that defamation

is very important in France and it is addressed under the criminal code. When people comment I just wish that they look into international and national laws on this matter – define clearly what is cause of action and cause of law. We have reached an understanding whereas those arrested were released on probation, but they should behave friendly. I have said in the last few days about being calm. They should understand what I mean about that. There have been requests in the past few days for a suspension of lawsuits. The court responds that suspension could not be done because investigation has already begun. In that case withdrawal of the lawsuits or suspending it could not be done.

As far as criminal case is concerned, even if the plaintiff ends the lawsuits, the prosecutor would not agree, because it has become a criminal case. What has been intended was to exercise calmness. I would not want to win over anyone because I have contributed for Cambodia to transform itself from a divided nation into a fully peaceful and unified country. People are free to exercise their rights to follow their beliefs, traditions etc. take for instance they are free to celebrate the Chinese New Year, Christmas, etc. To work toward peace has not been easy but to nurture it is also not less difficult too.

BBU has offered scholarships to needy students through my wife and I, and we all see that they are from various provinces and are happy to finally have a chance to continue their education to tertiary level. This is a great gesture of contribution from the part of private institutions in the field of human resource training for Cambodia. Human resources should be seen as a key factor for national development. Countries with

rich natural resources are not necessarily rich – take for instance we call our country golden village for its richness in natural resources, but Cambodia has indeed been poor. I have elaborated already on this fact that Cambodia is poor because of two factors – 1) wrong policy and 2) lack of human resources.

First, the decision to launch the coup in 1970 was the root cause. The coup brought about the Pol Pt's genocide. Therefore, Cambodia could not stand to suffer another wrong move in the country's policy. Second, Cambodia possesses almost any kind of ores take for instance valuable gemstones, etc. Countries with little or no natural resources are not necessarily poor.

Take for instance Singapore, because of a correct policy and competent human resources it has become a rich country, whereas best human resources of Cambodia in the past were massacred as incorrect policy implemented. So I would argue that the policy of allowing the private sector to invest in educational institutions yields a positive result. That is one fact. The efforts made by every family to allow their children possibility to continue their education is another.

Let me now talk to our graduates – both those on the job training and those to seek for one. We should now see the education in general, as we have more graduates every year than the number of jobs. What I would like you to have your attention on is that you should accept low-payment jobs. In Cambodia, salary from 100 US dollars upward is above the poverty line whereas people defined as poor when they are living on or less than one US dollars a day – and Cambodia still has about 28% of them. I

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We have to keep income and expense on balance. In order to finance the part of expense because its size is bigger than the income part, the Royal Government, for once, could seek financing from the Bank, and, for other, to print more money – but the Royal Government never takes up these measures. I have reaffirmed this to the International Monetary Fund (IMF). We have in the past years tried to restrict expenses or else financing from Bank is necessary. As far as I could remember, in the first term of the Royal Government, we used to readjust the financial law, but from the second term of the Royal Government, we never do that. This matter implies the restriction on oneself from the part of the Prime Minister otherwise further instruction would lead to breaking further the financial package. Take for instance, prior to the adoption of the financial bill at the end of the year the Prime Minister has decided already in the chapter 50.1 in relation to public finance that how much is to be placed in irrigation, in road and in various other sectors.

The Prime Minister also decided on which projects to be implemented in 2006, and how many more to be pushed for implementation in 2007, and to 2008, and on. Each project will have to be implemented in a span of two to three years, or else we might explode the budget package. We indeed make both ends meet every month. Thanks to stringent measures, despite a major financial disbursement in 2000 and 2001 to rescue our people from flood and drought, we never fail to generate economic growth. Take for instance in 2000, we achieved 6.9% growth, while suffering only 1% inflation. This situation is achieved thanks to the implementation the reform of public

finance, which I think should go on enjoying great consideration. Take for instance, the Riel currency is taking on an increase as yesterday it has gained the strength of 4098 US dollars to a US dollar.

The Royal Government in this concern would place an appeal to microfinance institutions to continue to reduce their interest rates so that those who take the loans would be able to generate profits from them rather than to just pay back the loans and interests. All development partners should provide low-interest credits to the microfinance institutions so that they could provide loans at a lower interest rate to other loan takers. On behalf of the Cambodian farmers and our people in general, knowing that some institutions of microfinance have brought down their interest rates from 5% or 6% to well above 2.5%, I would suggest that a rate that is lower than that would be best for our farmers and for the progress of our economy.

Some of the institutions used to complaint that going to rural area is a difficult mission because losses are incurred from traveling there. Now that we have better roads and bridges, I think this argument is no longer a developmental backlash. Time needed for traveling is shorter leading to less expense. Seeing this development, the Royal Government would seek in return loans at low rates to be provided by those institutions to the people. Microfinance started actions since early 1990, with two forms of funding. In 1980s, one of the forms was to help people expand their cultivating areas through reclaiming arable lands. Another form was to provide through the Bank loans for small-scale business such as fishing, industry, handicraft, etc. Now that we are re-strategize the microfinance activities, we see that the

rural economy is indeed making progress.

In order to maintain the macroeconomy I make an appeal (to the microfinance institutions) on four following points aimed at achieving a long lasting stability – first, maintain economic stability, security and social order. I wish to stress that there would not be any human rights or democracy when the country is plagued with war. Second, we should continue to make our economy grow at the pace of around 6% or 7% and perhaps higher. I told officials in the Ministry of Economy and Finance that we should be happy that we perform better than we have been judged. Third, an equitable distribution of the economic wealth must continue, where people of Cambodia must be able to benefit from the economic achievements. For example we have to invest more money in infrastructural development in the form of water canals, roads and bridges, schools, hospitals, etc. Microfinance should also concentrate actions in the rural development.

Fourth, a sustainable management of natural environment should be on our agenda as it is becoming a hot issue in the present day. Advancements in science, population growth and urbanization all put pressure on our environment. Natural resources are hard to recycle. Take for instance an old age tree, when cutting, what would be the consequences? In order to relieve pressure on environment, we are taking actions to change from making extensive-approach development to intensive one – that is to say we will have to make one hectare of land productive enough to support four or five people's consumption needs. This matter requires consideration in and provision of seeds, irrigation, etc. or to say in short to increase feeding capacity in the

field. We should also implement what they call social concession land – and with the support of microfinance sector, the pace of development would be expedited.

The Royal Government would give its efforts to improve the local infrastructure in the area, and those families relocating to social concession land would be supported by microfinance projects and I am sure those families will make a positive change for sure in their lives. I am pleased to see a TV show which comprises of pro and con ideas on environment. As a start of New Year, my first speech is about microfinance and its inter-relations with macroeconomics because the two are complementing one another in its development...■

#### The Prepared Text

... I appreciate the international community, especially the United Nations Development Program (UNDP), French Development Agency (AFD), Asian Development Bank (ADB) and other development partners for their continued support of Cambodia's microfinance, in terms of financial, operational and technical development and through aid provision to national and international non-governmental organizations (NGOs). This has indeed helped transforming them into microfinance institutions, operating under prudent laws and regulations with satisfactory results.

Indeed, even though we are living in a difficult and challenging period because of the changing regional and world configuration, increasing uncertainties resulting from terrorism, outstanding regional issues, climate change and natural calamities, end of quotas system under multi-fiber agreement and higher oil price, the

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Cambodian economy has still managed to grow at a robust rate. In particular, the economy attained 7.7% growth in 2004 and is expected to grow at around 7% in 2005 or even better. The Royal Government has also succeeded in keeping a manageable inflation rate at around 1% over the past five consecutive years. However, inflation rate was higher than other previous years in 2004 and 2005 due to increased oil and foods prices. Inflation rate was 6% in 2004 and would be at the same level for 2005.

At the same time, the on-going **Public Financial Management Reform Programme** (PFM) has improved the credibility of the Royal Government in efficiently and transparently managing and allocating public financial resources. Indeed, the implementation of the PFM Reform Programme, whose main objectives are to ensure increased delivery of public services especially in terms of improved infrastructure such as roads, airports, seaports and other physical infrastructure such as the provision and coverage of clean water and electricity and telecommunication, has helped strengthening our comparative advantage. The reform has also helped increasing revenue for financing more investment projects.

Indeed, all and every Cambodian citizen stands to benefit from the success of this reform, especially in making a better living and getting a better life. Moreover, maintaining the value of Riel over the past years has tremendously contributed to low inflation and macroeconomic stability, and ensuring confidence in the national currency. The maintained purchasing power of Riel has also helped the living of Cambodian people especially the poor and low income

families.

Moreover, production, trade and service sectors have also had substantial and notable progress, which have been greatly contributing to annual growth. The integration of Cambodian economy into the region and world has also been successful through various trade agreements, which are the results of improved labor conditions and investments. Garment exports doubled from USD 2 millions in 1996 to USD 1,600 millions in 2004. Jobs creation in garment and manufacturing sectors is the driving force to ensure the stability for the population and economy in the recent past. We were able to provide jobs to around 280,000 specialized and semi-specialized workers and most of them are women.

The Royal Government has embarked on all-sector reforms, creating a favorable environment for the growth of national economy. Trade facilitation policy, including the creation of "One Window Service" for trade to reduce transaction costs, is one of the key elements attracting investments for the development of our economy. In this sense, we continue to carry out activities in many areas to diversify the bases for progress and speeding-up the exports through: (i) intensification of exports by increasing varieties of goods, (ii) support to the re-establishment of garment industry, (iii) ensured linkages between advanced and least developed sectors in the economy, (iv) support to the SMEs and (v) strengthened banking system and developed financial sector.

At the same time, we are now concentrating on export intensification in order to attract investors through the creation of Special Economic Zones (SEZs), the establishment of whole-sale markets for agriculture produces, the formalization

of contract farming models for organic rice and other crops in view of promoting exports and enhancing manufactured products that help increase values added.

Agriculture is one of the many priority sectors that the Royal Government has been exerting its most development efforts, given the fact that up to 80% of the total population live in the rural area and most of them are farmers and rely on natural resources. For this reason, the improvement in natural resources management is crucial in supporting economic growth in the rural areas and in ensuring sustainable use of natural resources. In this sense, the Royal Government has also put its utmost attention on the development of agriculture sector through the rehabilitation and expansion of irrigation system, support in the provision of seeds and fertilizer as well as technical trainings and agriculture extension service to farmers to use modern techniques that facilitate higher yields and productivity in their farming activities.

For financial sector, the Royal Government has made a successful and giant step in recent years to reform the banking and financial system so that the sector become stronger with high level of confidence. The Royal Government has successfully implemented the first phase (2001-2004) of the "**Vision and Development Blueprint of the Financial Sector 2001-2010**", mobilizing financial resources to fulfill the needs in the production and supporting economic growth. In banking sector, the Royal Government has strengthened laws enforcement and management of commercial banks, by issuing new licenses with increased amount of capital requirement, establishing monitoring and supervision mechanism, creating unified chart of

accounts for all banks and drafting additional laws to build-up the confidence in the banking sector. In rural finance sector, the Royal Government has consolidated all microfinance institutions to be regulated by laws in order to facilitate the monitoring and supervision, and adopted measures to reduce interest rates. As the result, some banks are able to expand their operations and transform themselves from microfinance into specialized banks while other microfinance operators have been registered or granted with licenses to fully operate as microfinance institutions. Indeed, these measures are to strengthen microfinance activities in order to allow people in rural areas to access to credit market with acceptable interest rate.

I wish to take this opportunity to appreciate the microfinance institutions and NGOs for thriving hard to provide small and micro credits and make them reach the very remote areas and the poorest. The reports on microfinance activities show highly increasing trends in terms of capital, number of credits and borrowers, and coverage of microfinance operations as well as the number of small and micro businesses. These reports also reflect the ability of the poor in using credits to make a living and increase the income to improve their living, as debt repayment ratio is high approximately at 95% to 98% of total credits. These also testify the sense of responsibility and hard-working among Cambodian people as they do not rely on aids and grants. Moreover, recent experiences show higher awareness among our people about the culture of credit, that is every borrowing always associated with the duty to pay back the principles plus interests as determined in the loan contract.

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**25 January 2006** (Unofficial Translation of Selected Comments)  
**Inaugurating the Svay Rieng University**

... Today, my wife and I have a great pleasure to join all of you in the province of Svay Rieng to put into use the Svay Rieng University (SRU) that is a new achievement - never before existed on the land of Svay Rieng. First of all allow me to express my regret and seek your understanding for the fact that I could not make it on January 4 as promised. January-4 is indeed the victory day when the province of Svay Rieng was liberated from the genocidal regime. I failed to come here on January 4 and to go to the district of Khsach Kandal of Kandal province on January 14 because the country had to go through a period of campaign for the second legislature Senate election. My presence in that period would be a controversial issue. It was indeed due to the fact that I respect the law for the Senate election. Still, it is not too long anyway as I am now here after eleven days of delay.

My wife and I, together with my sons and daughters and their spouses have all come to join in this celebration on the pity land of Svay Rieng. During the war between 1970 and 1975 the province suffered heavy damages and losses from air bombardments and artillery shells of all kinds. In the time of war, together with the neighboring province of Prey Veng, untold casualties and loss of lives occurred on this land. That is why we say today that the achievement is made on the land of dryness, of poverty and tears and blood. As is seen today, it has become our pride to see such an achievement standing here in front of us - the Svay Rieng University.

I wish to take this opportunity to express my sincere appreciation and profound thanks to

HE General Hok Lundy and Madame, HE Hun Neng and Madame for their initiative to have this university built. I wish to also thank to generous persons whose contributions have brought about this magnificent building. HE Senior Minister Kol Pheng, also Minister for Education, and HE Cheang Am, Governor of the province of Svay Rieng just made good remarks on development in relation to the said achievement. The SRU building is a well designed and built architecture, though we need more to equip some of its part with research and testing tools - which I think is yet to come. The feature of the building impressed my wife a lot and she would replicate it to a new building in the district of Memot of Kompong Cham province - most fascinating of all is its top structure and design - which she would like to have it copied for the building of the Cambodian Red Cross office.

In addition to the good building, we also have a good hostel for both students and professors. The cost of building this university ranges up to 1 million US dollars, excluding the cost of land. The SRU has a great role to play in term of educational geography - I mean sending education institution closer to our students in the rural areas. HE Kol Pheng already talked about time-need reduction for students in their mobility for education in places far from home. I think this also applies well in improvement of human rights, equitable principle and gender equity in term of provision of access to education for all. This would allow our female students to have equal access to education in term of distance from home. For instance, fe-

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Currently, I have noted that the microfinance interest rate has substantially declined when compared to that applied during the 1990s, meaning that it has declined almost 50%, from 5-6% per month to only 2.5-3% per month. This shows the diversity of MFIs under appropriate management and regulation, and the trust of investors in shareholding with and in lending to MFIs. Indeed, these investments provide the MFIs with adequate operating funds to compete in issuing loans or credits to their customers, which in turn leads to a decline in the interest rate. On the other hand, the infrastructure rehabilitation and development undertaken by the Royal Government so far has also facilitated easier access to rural remote areas and has reduced the costs. Thus, the interest rate for microfinance has been reduced. However, the interest rate for micro finance is still considered to be high. Therefore, we still need further efforts by all related institutions to make interest rate lower...

Indeed, you have been involved from the beginning in the creation of local and international NGOs and in providing financial resources and technical assistance for those institutions to lend to the poor people in both rural areas and the city. With the promulgation of the law and supervisory regulations requiring the transformation of these institutions into licensed MFIs, you have continued to provide more support in shareholding, funding and technical assistance. In particular, you continue to provide technical assistance to the supervisory authority in strengthening their capacity and the training of their staff. I hope you will continue to involve in promoting the development of microfinance in Cambodia... I wish to share some recommen-

dations for you in developing microfinance in Cambodia:

1. For **NBC**: As the supervisory authority, the NBC should continue to perform the present tasks by issuing more prudential regulations for supervision to ensure effective implementation with the protection of the soundness of the MFIs and the public confidence. These prudential regulations should be more flexible and not too strict, which would be a big burden on the MFIs, and they shall not be so loose that result in high risks. In general, these regulations shall follow the universally recognized standards so that MFIs can provide their services on a sustainable basis and the benefits of the poor are protected.

2. For **non-licensed NGOs**: Non-licensed NGOs should make efforts to transform themselves into licensed MFIs operating under the law.

3. For **licensed MFIs**: Licensed MFIs should strengthen their management and operations through the creation of new financial products consistent with the demands of the poor and through the opening of more branch networks which can be reached in the rural remote areas of the country so that expanded financial services can be provided to the poor.

4. A training program should be considered for poor people to allow them to understand how to use these financial services. Training of basic knowledge provides the poor with the knowledge of how to borrow, how to save and how to use loans, which is beneficial for their living and for raising their income so that they can improve their standards of living.

5. For the interest rate of micro loans, the Royal Government remains committed to the mar-

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we will complete the construction of the national road 8 in the frog's step strategy. The national road 8 would extend from the national road 6A at Kilometer 24-365 in the Kandal's district of Muk Kampoul to the national road 11 at Kilometer 8 or 09 in Prey Veng's district of Prey Veng at the length of about 52 kilometers. We also see the possibility of extending this road to the border with Vietnam, which is another 50 Kilometers more. I have approved already the financial disbursement for the construction. The groundbreaking to start building this road was presided over by Finance Minister HE Keat Chhun and Transport HE Sun Chanthol held on June 18 last year. The road length to be asphalted will be 6550 meters and at the width of seven meters. The part that runs on the national road number 8 will be 5850 meters, 3100 of which runs from the ferry port to the village of Anlong, 2750 meters from the double drainage system to the pagoda of Preah Vihear Suor. Another 900 meters runs from the roundabout at Prek Tameak to the district office.

The proposal to increase the road size of the national road 8 from Anlong village to the double-drainage system and the laterite covering of the 9200 meter road between the Pagoda of Vihear Suor to Kompong Popil will be fulfilled by the Kandal province's public works section. On the part of Prey Veng, I have approved the construction of a ten-meter-wide concrete bridge on the national road 8 in the village of Chrey, Prey Veng province and the basement work project for the part of 25 kilometers of the national road 8 in the province of Prey Veng. We could not afford from our small coffer to asphalt the road all at once, as we are practicing the policy of reducing expenses while in-

creasing income. We have used the term of equitable distribution of economic growth and we have to fulfill this endeavor, while a focus is being given to the people's need in the rural area – not only in the district of Khsach Kandal but the whole country.

... As a son of the farmers, I know pretty well what could be the difficulty for our people to have no access to road, hospital, school, irrigation, etc. It is in this understanding that I have determined with the whole Royal Government to direct a bigger share for the growth in rural area. This does not imply that we neglect the urban development but we tend to slash the gap between modern cities and outdated rural areas – which to everyone's understandings would create social and political disparity. Some countries suffer divisions because central administrations paid insufficient attention to rural areas after the end of the war and at the post-integration stage.

I have told many officials in charge that political and administrative integration would not be complete on its own unless all necessary conditions are done. Some countries have neglected rural areas causing a disparity to take place, from where indignation occurred leading to protesting against the central administration. This is not a good way of ensuring long-lasting growth and peace – as they should remember that peace and development stay side by side.

Yesterday I received an envoy from Sri Lanka. He told me about the situation in Sri Lanka and proposed that I help in stopping smuggle of arms from Cambodia to Tamil forces. I told him before Cambodia was in division – there were many different groups – so some contacts with so and so in various countries, but now that

Cambodia is unified, we do not let such a thing to happen. I told him we have destroyed over 170,000 rifles. I share with him the Cambodian win-win experience while expressing discontent over the fact that the Tamil forces caused deaths to civilians and politicians and giving support for continuing the peace negotiation.

As I am here I wish to say a few things about my experience here. It was in June 1989, I came here by speed boat and motorcycle. After my meeting with officials in the district we set to start our journey from Prek Tameak to Vihear Suor. I spent the night in the village of Sanlong, where I listened to a lady's difficulties in sending her children to school because of inaccessible road.

I rode the motorbike with my wife and noticed the true sense of difficulty she talked to us. I ordered the Preah Kunlong Bridge, which we replace today with Bailey, built in 1990. I wrote a song "The Gold Bridge" here. Today I order the reconstruction of the Preah Kunlong Bridge at a width of 7.35 meters and a length of 122 meters. I wish to inform you all that after the national road 8 is complete, all Bailey 4-meter wide bridges on this road will be replaced by concrete bridges.

I wish to take this opportune moment to express my sincere thanks to the authority of all levels in the province of Kandal for the protection of security at the time of the election of the Senate. It is a great contribution to the good cooperation between CPP and Funcinpec in organizing the Senate election. Without a consensus between the two, the law on the Senate election could not be realized, while any conflicts in the election would negatively affect our cooperation. According to our discussions, we have de-

cidated to extend the two extra seats from the quota of the National Assembly to Funcinpec that means it receives in all 12 seats in the Senate. Mutual assistance is important and yielding great result for peace, reconciliation and development.

Yesterday I said that it was impossible to withdraw the defamation lawsuits because it is a criminal case and the court had already begun investigating it. Therefore it would not be possible to halt the legal process and let us leave the story to the court. Some news agencies commented that I reversed my position on this matter.

As far as defamation is concerned, if all leaders in the world could accept it, and agree to erase it, Cambodia would not be exceptional. We have no law to punish and to imprison those who criticize. But we have a law for a prosecution of cases relating to defamation. It was ridiculous to see that people committed mistakes were given gifts. If they wanted gifts and trade them by defaming Hun Sen as a killer, etc. then they should go to jail and should not seek for my help for amnesty.

In the case of those arrested and released on probation, I see there are two options. One is to push for trial after which we could proceed to requesting amnesty for them. If they want this option I can help. However they should be reminded that aside from compensation, what is most disreputable for them would be the court's sentence, which will go with them everywhere. Second option is we play with time. For identity-hidden-requesting commentators, I think they should come out again and tell which option is best for them. I think the people in case understand, but those commented do not...■

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male students rarely go for education in the city after their secondary education because they have to go away from home. This has been the main reason for keeping female students behind male ones for the latter could stay in the Buddhist pagoda, while it is impossible for female students in our tradition and culture.

It was the Royal Government's option to build and upgrade primary education in the local level to secondary education, and where possible upgrade them to the level of university – there students from poor families and female students can all continue their schoolings. Universities have been extended in a number of provinces, now including also the province of Svay Rieng that we are putting into work today. I met recently with the Private Tertiary Education to learn that there have in all 35 of them with about 12 thousands students taking up their studies. The question is in absence of private and public tertiary education institutions, where would the 12 thousand students go for their study? We would have lost a big opportunity. The private sector therefore contributed a great deal in human resource training and development.

SRU would enroll students not only from Svay Rieng but also from Prey Veng, Kandal and Kompong Cham as well. What is important here is to set a standard for the curriculum in the university as is judged by the tertiary education qualification committee, to which the Ministry for Education, Youth and Sports will also be making its share of efforts. I wish to reiterate what HE Senior Minister Kol Pheng said that we all should learn to gain knowledge and not just to pass the exam. As you all know that people

have to take exam or test before recruiting into jobs.

I am glad that from scratch we have today come this far. If we were to look back not far away, in 1979, people could not find a pair of shoes for themselves, in addition to no food. Look at what we have today. This is an historic reality that cannot be overlooked or ignored. Though some ill-will people said that the Royal Government has made the country poorer, made the people frightened and ignorant, etc. It was naturally contrary when you see to your own eyes that we now have in Svay Rieng a university for its own. And where is the fear that our people go wherever they want, whenever they feel like. I am sure that our people are consciously strong enough to judge all this. People will give their judgment. I am sure you all are quite fortunate that Svay Rieng was liberated on January 4 and the liberation saved your parents from death. Because your parents are alive that you all are born and being here today.

I have noted with content that Svay Rieng made a great first step in tree planting in the 1980s and the success in household fish culture, to be added by achievement in the establishment of the SRU, the special economic zone – before anywhere else in the Kingdom.

Takeo also made major developments as well. In Takeo we have great success in mobilizing our people to plant rice according to latest rice growing method, and household fish culture. I wish to see that Takeo and Svay Rieng endeavor to improve their irrigation structures in addition to emulating one another with better record of agricultural activities. I wish to see a national movement for better

irrigation starting from the province of Svay Rieng, and they are indeed not using national budget but sharing of resources from generous persons. All (CPP) working teams should exercise their efforts in improving irrigation movement.

In 2006, we have earmarked about 50% of the budget for infrastructural development – where 45 Billion Riel for roads and 40 billion Riel for irrigation networks. I wish to see that more money is being mobilized for use in irrigation improvement. The harvest last year had been mostly done in soaked rice field and I still think that harvesting rice in damp field is better than empty field to harvest. May be it is the first time in 27 years that we have a good rainy season rice. We are confident that in 2006 we will have about over 5 million tons of rice with a surplus of another one million. More efforts should be made to increase our yield in term of dry season rice and intensive cultivation.

I wish to take this opportunity to thank the local authority at all levels and the armed forces of Cambodia – police and military police specially, for their contribution to provide support to the National Election Committee in the Senate election on January 22, 2006. The election went in a harmonious, safe, fair and non-violent manner, and free from interferences in the Campaign, voting and vote counting periods.

The alliance between CPP and Funcinpec has been the core of the election, without which a decision on law for the Senate election would also be unreachable. Some people say it should be a general rather than not by universal suffrage but what we do in accordance with what is said in the Constitution.

The people vote to elect deputies and the communal council members whereas the two electoral bodies will vote on behalf of the people in the Senate election. Each member of the Senate should know that they are the result of the election by the members of the parliament and the members of the commune councils – to say in other words the commune councils have their own representatives in the Senate, where decentralization could be brought directly to members of the Senate for further progress.

In addition to donations of school equipments like computers and printers from Vietnam's Tay Ninh, my wife and I have been given a sum of money and we wish to announce now that they are given out as scholarships for 377 students who have been enrolled as fee-paying students for a four years period of their studies...■

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wish to have your attention that what you need to do after your graduation is to continue to study. I have said before that we should study to be persons of knowledge and ability and not for the diploma. We should also think of the fact that everyone around us could have something to share.

A farmer in the field, s/he may not be literate, but s/he would be able to share with you as to where well can be dug from her/his own practical experience. Considering every one around you as teacher would be a good way of teaching yourself. I used to mention about the three inter-related factors – knowledge, experience and personality. You should try whichever way you can to gather experience while personality is also key as a person is judged not only by his knowledge and experience, but also of personality...■

**26 January 2006** (Unofficial Translation of Selected Comments)  
**Comments at Kompot's Cement Plant Construction**

... I have a great pleasure to join all of you today in groundbreaking ceremony for the construction of a cement factory whose production is indeed one of the most critical needs for the people of Cambodia. I am grateful to HE Minister Suy Sem – for Industry, Mine and Geology – for his efforts from conducting negotiations to the groundbreaking ceremony today. I wish to also express my sincere thanks to the Kompot cement group which is a consortium of the Siam Cement and the Khov Chili companies. Samdech Krom Preah Norodom Ranaridh, in his capacity as co-chairman of the Cambodian Development Council and in my capacity as the Prime Minister, we highly appreciate what we have started here today. As mentioned by HE Suy Sem, many investment proposals have been submitted to the Ministry. In addition to this we have a study on iron ore in Preah Vihear.

I wish to take this chance to express my sincere thanks to the provincial authority of Kompot as well as the district authorities of Daung Tung and Banteay Meas for their joint cooperation in making this event possible. We have an increasing demand for construction materials, especially cement. According to the report of HE Minister Suy Sem, in 2006, our need of cement would increase to 1.6 million tons with a projection of demand of 2.7 million tons in 2012. In the 1980s we continued to produce cement in the cement factory of Chakrey Ting, which is not far from here. In the post liberation from genocide period, we contacted the then Soviet experts to renovate the factory, but according to their study the cost of investment would be more expensive

than importing it. We then offered the chance to the company belonged to Oknha Su Srun, to various others, that is why I say it has been under studies but never realized. Because it has taken us a long time in vain, we have decided to build a new factory, which will go into production in 2008, and hopefully this will relieve us from some of the concerns.

The first down investment will be 82 million dollars with a capacity to produce 950,000 tons of cement per year. In the second stage, the company will invest another 100 million dollars with the capacity of production increases to 2 million tons per year in 2011. I wish that this plan will be practical as its output suits well with domestic market demand in 2012.

In addition to this, more need to be produced and I wish that more companies would do so to fill in the gap as well as to cater for the need in foreign markets. In some countries, investment in producing cement has reached a level where the mineral for producing it faces depletion. Therefore investment in cement production in Cambodia could be a long-term one. We will soon announce our area of priority number 7.

Let me recall that in 1987 we have put out four areas of priority – 1) agriculture with immediate focus on irrigation, 2) transportation with a focus on building roads, rails, ports, airports, etc. 3) electricity 4) human resource development. Later we have added two more – 5) promote handicraft and processing industry for export – take for instance efforts have been made in textile and clothing, and 6) tourism development. As far as priority area 5 is

concerned, our export has increased to a size of about two billion US dollars, while in area 6, we have attracted about 1,400,000 foreign tourists, and as a result more international standard hotels have been built in Siemreap province. We are in the process of figuring out as to when to declare about the fact that we have discovered the oil deposit inside the Cambodian sea water territory, hopefully it will complement our need for oil and gas. So, the seventh area will be investment in mineral resources.

Some people criticize that this would size down the hill – the fact that we take them as materials for producing cement. What are we going to build our road with, if they say so? A few people came to Cambodia telling us not to cut down trees, while they already did so in their countries. Our strategy is to have concerned ministries to conduct a study to identify which minerals and where can be exploited, and which parts and where should be left untouched. It would be unrealistic when we get the criticism for importing cement from Thailand, from Vietnam and now, perhaps, for producing our cement. We will declare it one day the area of priority 7 but we have to wait until we actually have them in real term. We now are in the process of reducing our dependency on wood for housing to concrete – but it is absurd to criticize us again for taking sand from the river. However what is indeed a matter of pride is how our people benefit from them – take for instance our people would be buying cement that is free of import tax, and they will also have work to do, while the price of cement drops. I wish to see a competition in a free market for cement with good quality. Now I would like to say a few things relating to the two districts of Kompot. Rainy season rice production in the

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 ket rate policy, and despite the subsequent decline of interest rate, the parties concerned and the international community providing loans to MFIs shall consider how to further reduce the interest rate to help the poor.

For the Royal Government, we will continue to build infrastructure, especially rural roads and irrigation systems, and manage appropriate fiscal and monetary policy to maintain the *riel* and price stability, macroeconomic stability, and improve social security... To achieve this objective, the microfinance sector should be the priority. Clearly, the recent success in Cambodia's micro finance has been recognized with prestige as a growing sector within a good environment, and has attracted attention from local and international institutions. Thus to attract more attention to this sector, I would proudly announce — 2006 as the Year of Micro finance in Cambodia...■

two districts proved to be good - where an average 2.5 to 3 tons per hectare has been achieved in an area of 500 hectares of rice cultivation in Daung Tung, and about same range of yield has been harvested on a surface of 28705 hectares. I wish to take this opportunity to express my appreciation to the excellent works done by the CPP work team for Kompot.

Some people criticize me that I have used my influence in education, what else should the Prime Minister be doing if not for education? I wish you all, those oppose me included, send your children to the schools and universities or libraries that we built. I have a plan to build a 200,000 to 300,000 US dollars library with computers that people can benefit from searching for information...■