

# Cambodia New Vision

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14 June 07—Samdech Hun Sen is warmly welcomed by Prime Minister HE Shinzo Abe of Japan during his Tokyo's recent visit (Photo—AFP).

## 19 June 2007

### First Cambodia Development Cooperation Forum Meeting

... I am very honored and delighted to participate once again in the meeting with the representatives from the international communities and development partners. I would like to extend my warmest welcome ... for your participation in the first *Cambodia Development Cooperation Forum* (CDCF).

... Taking this opportunity, I would like to also thank all bilateral and multilateral cooperation partners for their active engagements and generous supports for the Royal Government's efforts, aimed at reducing poverty of the people and promoting Cambodia's development.

... Allow me to clarify how the *Consultative Meeting* was transformed into the *Cambodia Development Cooperation Forum*, which is going on right now, and its significance for all of us. In short, the gradual evolution from one stage to another, starting from the *Ministerial Conference on the Rehabilitation and Reconstruction of Cambodia* in June

1992, then *ICORC* 1993, to the *Consultative Group Meeting* and to the current *Cambodia Development Cooperation Forum* is the process reflecting the gradual and steadfast strengthening of Cambodia's capacity, responsibility and ownership of its own development. This also reflects the positive paradigm shift by the external cooperation communities vis--a-vis the aid recipient countries in general, and vis-a-vis Cambodia, in particular...

As in the previous meetings, we participate in the meeting not only just to do the stocktaking of our past progress and to review our reform activities, but we will also carry out consultation on key aspects of our strategy paradigms to accelerate Cambodia's development in the future. In this sense, I will briefly emphasize in this morning's statement important achievements that we have made and key challenges that we have recently encountered. Further-  
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## 11 June 2007 (Unofficial Translation of Selected Comments)

### Constructing Prek Kadam Bridge over Tole Saap

... It is indeed a great pleasure that I have the opportunity to be here with all of our people to officiate the construction of the Sino-Cambodia Friendship Prek Kadam Bridge over the river of Tonle Sap, which is to be a new achievement in the cooperation between Cambodia and China. Five days ago we officiated the construction of the Prek Tamak Bridge which links Punnhealoeu district on one side of the Mekong River to Khsach Kandal district of Kandal province which is on the other side. Witnessing this progress I would like to take this opportune moment to thank the Ministry of Public

Works and Transports, the Ministry of Economy and Finance as well as related Cambodian institutions, the Chinese Embassy and all concerned companies for expediting the project in such a timely manner.

In just over one year, projects taking the amount of 200 million US dollars have started, which include the National Road 8, the bridge of Prek Tamak, and the bridge of Prek Kadam. It is indeed splendidly and satisfactorily fast and responding to instructions by the two Governments, Cambodia and China - because  
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## 04 June 2007 (Unofficial Translation of Selected Comments)

### Inaugurating Three Bridges on NR 2 and NR 3

... I am glad that I have the honor to be here with HE Katsuhiko Shinohara, the Japanese Ambassador and all of you to put into official use the three bridges that are constructed with grant assistance from the Government and people of Japan. We celebrate the inauguration ceremony at the Bridge of Sla Ku on the NR 3 which also symbolically represents two other bridges along the NR 2 - one of 75 meters by 13.5 meters at Ta Khmao district of Kandal province and another of 100 meters by 13.5 meters at Prek Ho also in Takhmao District. The Sla Ku Bridge which we see in front of us is 100 meters by 12.5 meters in the village of Porpe, Tramkak district, Takeo province.

of Banteay Mean Chey where we put into official use a referral hospital also sponsored by the Japanese financial assistance...

In the name of the Royal Government of Cambodia and its people, I would convey through HE Ambassador and other Japanese citizens present here our deepest thanks and gratitude to the people and Government of Japan who have always provided enormous assistance for the reconstruction and development of Cambodia from war destruction and the Pol Pot's genocide. I also wish to express my appreciation to the efforts made by the MAEDA construction  
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About a week ago HE the Japanese Ambassador Shinohara traveled to the district

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more, I will also present a number of key policy issues in response to your concerns, and in doing so I hope to get more support from all our bilateral and multilateral cooperation partners.

During the past decade, Cambodia has gone through substantial transformation. The "win-win" policy, which we have implemented with neither guidance nor persuasion from outsiders, has brought about to Cambodia and the Cambodian people full and genuine peace, national reconciliation and territorial unification at the end of 1998. During the last eight years, Cambodia and its people have enjoyed the benefits of peace, political stability and rapid economic growth. Indeed, the hard-gained peace, political stability, safety, social order and enhanced security are the most important preconditions to Cambodia's realization of its real economic and social potentials.

Based on this peace and stability, which have become more and more entrenched day by day, the Royal Government have undertaken with strong determination the reforms in various sectors within the framework of the *Rectangular Strategy for Growth, Employment, Equity, and Efficiency* and the *National Strategic Development Plan (NSDP)*. These efforts have taken deep root in the socio-economic foundation of Cambodia and provided impetus for rapid economic development.

For instance, after achieving full peace in 1999, despite major challenges faced by the regional and global economy and the unfavorable natural disasters in the country, the Cambodian economy has become more and more resilient and dynamic by achieving the average growth of approximately 9.4% per annum during 2000-2006. In particular, during the last three years, the economic growth reached

unprecedented rates on average of 11.4% per annum. More importantly, the economic growth rate has peaked a record high of 13.5% in 2005 and 10.8% in 2006. The average per capita income almost doubled from US\$288 in 2000 to US\$513 in 2006. Inflation has been kept low at an average of under 3% between 2000-2006. The exchange rate has been broadly stable. During the same period, the country's international reserves doubled from about US\$500 million in 2000 to more than US\$1 billion in 2006. Economic growth is projected to reach 9% in 2007. Inflation will continue to be maintained under a 5-percent mark and the exchange rate will be remained broadly stable. The international reserves are expected to continue expanding to ensure three months of imports.

Indeed, the Royal Government recognizes that these achievements cannot be made possible without the generous contribution from all Cambodia's cooperation partners. It also reflects the gradual improvement in the efficiency and effectiveness of utilization of all kinds of cooperation financing that Cambodia has received from its external cooperation partners. On this rare and auspicious occasion, on behalf of the Royal Government and the people of Cambodia, I would like to express our heart-felt gratitude to all development partners for their invaluable and noble contribution to the poverty reduction and development in Cambodia.

Our proud achievements clearly demonstrated that Cambodia has put behind itself the culture of confrontation and war and has reached a point of no return. We are contemplating the bright future with vigor by consolidating the culture of peace and national reconciliation; promoting liberal democracy and the respect for human rights and human dignity; maintaining security,

stability, safety, and social order; strengthening good governance to enhance the public sector's efficiency and social equity; and promoting development cooperation.

As I have mentioned earlier, enjoying the rare opportunity of full peace, national unification and genuine territorial unity, being governed by the unique constitution, His Majesty the King, and the Royal Government, Cambodia and the Cambodian people have actively implemented strategies, policies, reform programs and development plans in all sectors and have achieved fruitful and encouraging outcomes. In a very short moment Senior Minister, Minister of Planning will make a presentation for the forum on the progress that we have made in the implementation of our *National Strategic Development Plan* during last year. I am aware that, during more than one year or so, all our development partners have worked very closely with their government counterparts in the framework of Technical Working Group (TWGs) and the Government-Development Partners Coordination Committee (GDCC).

Therefore, there is no need for me to go into full details on the past achievements. However, I understand that not all the technical working groups are always smoothly operational. Moreover, if we compare our achievements with the agreed targets, the outcomes are not always impeccable. Therefore, I think I should take this opportunity to highlight some key points that are the common concerns for all of us, both for the Royal Government and all of the development partners.

I would like to start from the core of the *Rectangular Strategy*, which is the good governance. Our priority in the good governance is to put efforts into promoting the capacity and efficiency of the public

sector, including the fight against corruption, on many different platforms such as enhancing the implementation of the Legal and Judicial Reform, improving the Public Financial Management Reform, Public Administration Reform including decentralization and deconcentration.

Based on some of the key achievements made recently, particularly, those regarding the preparation and adoption of some key laws such as the Civil Procedure Code and Criminal Procedure Code as well as many other outcomes in the efforts to strengthen the court and human resource development show the remarkable progress made by the Royal Government in its effort to accelerate the legal and judicial reform. Indeed, we understand that we still have a long list of agenda in this reform area, as witnessed by the tightening of Cambodia's limited capacity to the point which is barely tenable. However, the Royal Government is strongly committed to accelerating the implementation of these key and difficult reforms in order to improve the Judicial System in Cambodia.

At the same time, I am aware that many of our development partners are still worried about the uncertainty regarding the preparation of the draft Anti-corruption Law. In this regard, allow me to once again stress that the Royal Government is committed, without any hesitation to fighting corruption by undertaking many concrete actions to meet this objective including the drafting of the Anti-corruption Law itself. However, no matter how hurry we are, we should place this work in the context of common needs and reality of Cambodia. After having gone through the period of destructive war which resulted from the influence of external forces, the atrocities of the

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genocide regime, then the economic and political sanctions and internal conflicts, Cambodia actually has a lot of needs and priorities at the same time. Especially, in the efforts to rebuild its legal system and judicial institutions, the Royal Government wants to have a consistent and effective legal framework which is responsive to the needs of the country and its people in promoting sustainable development at present and in future. We have taken this principle into account while drafting the Anti-Corruption Law. Therefore, it is important to ensure consistency between the Anti-Corruption Law and other relevant laws, such as the Criminal Procedure Code and Criminal Code. While we are drafting these laws and codes at the same time, we realize that it is a great opportunity for us to use some time in order to prepare those draft laws in a proper sequencing which will provide us with the smooth, consistent and effective implementation of the laws.

I would like to emphasize once again that it does not mean that the RGC has deliberate intention to avoid or escape from the responsibility to fight corruption. However, we are aware that the Anti-Corruption Law is not a panacea to root out corruption in the society, particularly in the circumstances where it is forced to be implemented without consistency with other important laws in the country. As a result, law enforcement will not be comprehensive and will be constantly contradictory.

Nevertheless, the Royal Government is aware that corruption is a dangerous cancer which requires our efforts to tackle all the times and circumstances without compromise. In this spirit, though we have not adopted the Anti-Corruption Law, we have, in the past, given special attention to fighting against corrup-

tion by taking and implementing some measures within the existing legal framework and have achieved some concrete outcomes, namely the establishment and the strengthening of the Anti-Corruption Unit, imposing administrative sanctions and bringing a number of officials to the court. For instance, seven government officials who have violated the Forestry Law, were administratively punished, 2 officials were convicted and jailed in the case of private assets infringement, an official was found guilty of receiving bribes and colluding in the grabbing state land and forest and falsifying documents, an official was found guilty of destroying natural resources and environment and other eleven officials were found guilty of illegal logging in Ratanakiri province.

We fully agree with our development partners that the Anti-Corruption Law is a *sine qua non* component for effectively combating corruption. On this basis, while there is a need to ensure consistency among the inter-related laws as aforementioned, the Royal Government is strongly committed to finalizing this draft law as soon as possible. In this spirit, the RGC continues to cooperate and closely consult with relevant development partners in order to search for an efficient means aiming at coordinating different positions and pushing this process as quick as possible according to the needs of Cambodia.

The RGC has recognized the needs to create a civil service that is qualified and capable of providing efficient public services. In this sense, civil service reform remains on the top of our priorities. To deepen this reform in the medium term, the Council for Administrative Reform (CAR) has drafted six policy statements, as well as action plans to implement these policies. This represents a cohesive and inter-

twined strategy which focuses on long-term comprehensive reform. The RGC is clearly aware that one of the most important aspects of this civil service reform is to improve the incentives for civil servants to enhance the quality, efficiency and integrity of the whole civil service.

Indeed, the RGC and development partners have recently cooperated to pioneer an innovative approach by piloting the Merit Based Payment Initiative (MBPI) at the Ministry of Economy and Finance. This initiative is a program to provide incentives in the form of high salary to officials in accordance to their merit, qualifications and skills, but there is also a requirement to put in place an operational system with rigorous management.

I am aware that the success of the first phase implementation of this initiative at the Ministry of Economy and Finance has attracted other ministries such as the Ministry of Interior, the Ministry of Health and the Ministry of Commerce etc. requesting to implement the MBPI at their own ministries. Thus, I would like to encourage CAR to improve cooperation with the development partners and relevant ministries/institutions to expand coverage of the MBPI to make it more comprehensive in response to the needs of the RGC. Indeed, I am aware that MBPI has some additional special features comparing to the concept of *Priority Mission Group (PMG)* that the Royal Government is implementing at the same time in a number of ministries and agencies of the RGC. Therefore, to ensure the clarity of concept and policy as well as effectiveness and continuity in implementation, I would to request relevant ministries/institutions of the RGC and our development partners to organize a national workshop as soon as possible to discuss and to find consensus

on a political and conceptual framework, as well as evaluate the progress and the needs to take some accommodations aimed at speeding up and accelerating this important reform agenda.

Due to the importance of the Royal Government's Governance Reform, especially in the areas of the anti-corruption and civil service reform, I have requested H.E. Deputy Prime Minister *Sok An*, who is directly in charge of this work, to participate in the discussion of this forum in order to clarify and respond to all concerns and worries from the development partners.

The successful implementation of the *Public Financial Management Reform Program* which I launched on 5th December 2004, has produced a noteworthy, positive results and many new achievements, notably the budget is increasingly credible; the continued increase in revenue collection; the more effective, transparent, predictable budget management and expenditure; spending that is more and more consistent with government policies; and improved cash management which resulted in the reduction in the arrears at the National Treasury.

The concrete result of this reform is that the domestic revenue increased by 26 percent in 2006, due to the 38 - percent increase in the revenue collected by the Tax Department, the 11 - percent increase in the revenue collected by the Custom and Excises Department and the 9 - percent increase in the revenue collected by the Non-tax Department of the MEF.

Indeed, the increase in the domestic revenue allowed us to increase investments in important physical infrastructures, such as roads, irrigation facilities, social development, and human resource development. These are important factors, which create favorable

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conditions to enhance and to sustain growth, as well as distribute the fruits of growth to all strata of the population in the country.

The Royal Government is committed to further implementing the Public Financial Management (PFM) Reform Program, which is about to complete Platform One, namely making budget credible and in the process of moving to Platform Two, i.e. increase the efficiency and accountability in the PFM reform program. In 2007, the Royal Government continues to implement a number of priorities, including the rigorous implementation of the New Chart of Accounts and the New Budget Nomenclature, the piloting of the Program Budgeting in seven priority ministries, the strengthening of the cash management mechanism, the introduction of the Treasury Single Account (TSA) and the improvement in budget preparation to make it more comprehensive.

... After rigorous implementation of the *Financial Sector Development Strategy*, which has been updated recently, Cambodia's financial system begins to play more important role by deepening and expanding the base of economic growth. For instance, the banking system has contributed US\$ 500 million in 2006 to finance economic development. It is for the first time that the financial contribution from the Bank System has reached the same level of financing provided by the development partners to Cambodia.

These tremendous achievements provide strong impetus to the Royal Government to continue successful implementation of the **Financial Sector Development Strategy 2006 - 2015**, which was launched on 7th June 2007. In this area, the medium-term priority will mainly in-

clude measures to strengthen banking system supervision, improving and expanding the coverage of micro-finance for the poor and micro credit for the small and medium enterprises (SMEs), as well as promoting the development of non-bank financial institutions such as insurance, capital markets and leasing etc.

The private sector development is another priority reform area, which is moving forward alongside with the Public Financial Management (PFM) Reform and the Financial Sector Development Strategy (FSDS). Although we should make further *efforts* to overcome various difficulties, the Royal Government has achieved, in general, some remarkable progress in the private sector development reform, in particular by improving institutional mechanisms, and legal and regulatory framework. The Royal Government has further strengthened the mechanism of a single administrative document (SAD) for investments and achieved considerable success in trade and investment facilitation, including reducing the time required for investment approval, setting a transparent tariff for public service provision, reducing the required number of certificates of manufacturing (CM) and inspections, removal of some licensing requirements, streamlining the inter-ministerial procedures for goods inspections, the introduction of a risk management system and customs automation, the reduction of informal fees for processing paperwork, and the preparation and enforcement of a legal framework and institutional mechanisms for the development and management of the Special Economic Zones (SEZs).

Over the medium term, in order to further strengthen the achievements outlined earlier, the Royal Government will continue to pay special

attention to ensure smooth implementation of the Customs Automation Program based on the ASYCUDA Program, the implementation of a Single Administrative Document, the establishment of One Stop Services in the Special Economic Zones, improved transparency of business procedures and efficient and transparent tax regime.

There is no doubt that blessed by full peace and stability, the key achievements and progress in implementing the above reform programs have taken deep roots in the socio-economic foundation of Cambodia. This has led to rapid economic development, in general, and impressive poverty reduction in particular. Indeed, the future prospects of oil and gas production and mining have opened up a new horizon of economic opportunities to transform Cambodia into a new development center in the region. It provides the opportunity for Cambodia to sustain robust economic growth over the medium to long term, as well as to promote greater economic diversification and rapid poverty reduction.

With regard to the prospect of receiving additional oil revenues, I have noticed that our partners are a bit over concerned regarding the utilization of these proceeds, despite the fact that the oil or gas we are talking about are still under the seabed, and we do not really know the exact quantity of oil and gas. As I have mentioned on many occasions, ***as the fish is still in the water, and we have not caught them yet, perhaps it is not yet the time to decide which fish will be fried and which fish will be boiled.*** On the other hand, many of our partners and some other external stakeholders have continuously expressed their concerns that the government has not prepared itself to ensure transparent and accountable management of oil reve-

nue for Cambodia's development. The repeated statements on this topic made at the time when there is no oil revenue and the apparent disregard for the tremendous efforts made by the Royal Government in rigorous implementation of the decisive reform programs during the past years -these reforms have already yielded impressive results, namely robust economic take-off and rapid and impressive poverty reduction - as well as the publicly announced commitment and the steadfast implementation by the Royal Government of the Public Financial Management (PFM) Reform program - this includes transparent and accountable management of oil and gas revenue - appear to prematurely cast doubt on the government's integrity and capacity in the management and leadership of the country.

Nonetheless, I would like to take this opportunity to inform all partners and reiterate that the Royal Government has a firm commitment to ensuring that any oil and gas revenue, whether it is big or small, will be effectively, transparently and accountably managed within the framework of the single budget and public financial management system, which has continuously been improved and upgraded to international standards and best practices in order to underpin the country development's objectives and needs, as specified in our "National Strategic Development Plan (NSPD)".

Moreover, I am of the view that at this stage, Cambodia must negotiate and develop a comprehensive framework to maximize the benefits of oil and gas development and mineral exploitation in order to generate more revenue, rather than spend more time to speculate on how to use oil and gas revenue, which has not yet been collected. For that reason, the Royal Government would urge all relevant development

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partners to help Cambodia to effectively generate maximum oil and gas revenue, whilst starting to consult each other on future management and utilization of expected oil revenues.

We are aware that a very narrow base of the economic growth in Cambodia, driven mainly by some urban sectors is the main cause of increasing inequality between urban and rural areas. An economy overtly reliant on garments and tourism - sectors that are facing tough competition and vulnerable to shocks - is considered as high risk. This can make Cambodian workers vulnerable to losing their employment, which can then lead to social unrest and unpredictable consequences. Therefore, our *Rectangular Strategy* identified the promotion of agriculture and rural sectors a top priority, as they provide the livelihoods for more than 80% of Cambodian people.

We are well aware that agriculture and rural sectors are facing enormous structural challenges and obstacles, including the vulnerability caused by weather, the shortages of effective and low-cost physical infrastructure network, the shortages of the irrigation and power supply facilities, price fluctuation and business cycle of the agricultural markets, land management issues, the supply of raw materials, agricultural mechanization and technology transfer for crop production, harvests and storage, as well as market access, supply capacity and credit, etc. I would like to highlight a number of main priorities among these important factors:

... We have to recognize that water is the most important factor for the livelihoods of our people and the rural economy. Even with good seeds, fertilizers, good agricultural management, advanced technology, equipment and fertile soils, but without good and effective

water management, the rural economy cannot develop. By contrast, a good and effective water management can significantly reduce agricultural risks and encourage Cambodian farmers to put more efforts and invest more on seeds, equipment, fertilizer and technical management in order to increase productivity. In this regard, the agriculture and water strategy represents an important step forward in the efforts to improve the rural economy and livelihoods. Hence, as a way forward, the effective implementation of the strategy is the top priority and the Royal Government appeals to all partners to pay attention and to provide timely and effective support.

Indeed, during last few years, the Royal Government has allocated considerable part of its limited resources to the investment in water resources and irrigation system. However, our demand is still enormous in the area of agriculture and water resources development. There are also tremendous needs to improve and develop social and economic infrastructure including, roads, bridges, power supply and transmission lines, clean water supply in rural areas, schools, and health centers, etc. Therefore, over the medium term, the government will be required to make considerable investments in infrastructure. It remains a top priority of the RGC. In this regard, we warmly welcome our development partners' generous contribution to support these development efforts.

The Royal Government is conscious that natural resources especially land is the most important asset, which can be effectively used for social and economic development and poverty reduction, especially in the rural areas. In this vein, the Royal Government has taken serious strides to develop legal framework and strengthen institutional

capacity, aimed at ensuring an effective, transparent and participatory natural resource management in order to ensure sustainable use, especially for the grassroots communities.

While enforcing its Land Law and land policy, the Royal Government concentrates mainly on measures to strengthen the management, distribution, and equitable use of land, to ensure the economic effectiveness. This includes land registration, land distribution and security of land ownership, elimination of illegal land holding and implementation of concrete measures to prevent land holding for unproductive purposes. The Royal Government has reviewed the unused state land or state land held by private individuals in violation of the existing legal framework and procedures in order to ensure the effective land use.

Indeed, the Royal Government is very concerned about the report of increasing land concentration and landlessness. To address this complicated issue, the Royal Government will take step to distribute land and provide land titling to the population, especially the genuinely landless poor living in remote areas. As part of our provincial-municipal development programs, we have taken back thousands of hectares of land from sparsely forested areas, unused state land and land illegally encroached by individuals to be redistributed to thousands of genuinely landless families and provided them with land titles. This comes together with public investments aiming at creating an appropriate living condition for those people who have been relocated to the new location. The Royal Government will continue to actively implement this policy to address landlessness and the shortages of land by distributing land to the people who are in real need. I used the word the *real*

*landless people* very often to stress the importance of avoiding negative situations created by some politicians who had appealed the people to illegally occupy the state or privately owned land for their own political gains. They were guided by a saying that *if successful they get land, if failed they get money*.

Moreover, we have tightened the evaluation criteria for granting economic land concessions to ensure transparency and economic efficiency in compliance with the existing policies and regulations. The Royal Government has recently cancelled concession contracts and taken back the economic land concessions from 5 companies failing to implement the contracts signed with the government and existing laws and regulations.

Indeed, Senior Minister Im Chun Lim and Minister Chan Sarun will provide our development partners with more details on the policies and practices of the Royal Government in the area of natural resources and land management reforms. However, taking this very valuable opportunity, I would like to give further instructions to the two ministers to conduct a joint review with the cooperation with relevant local authorities to allocate some appropriate areas from the recently revoked five economic land concessions and use them for social land concessions and to be quickly distributed to *people who are genuinely landless*. I would like to warmly welcome those development partners who are interested in supporting the implementation of this measure, especially, the World Bank who has been studying the implementation of this program a long time ago.

The Royal Government of Cambodia has highly valued the development partners' efforts in supporting the government's progress toward realiz-

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(Continued from page 5) ing its Millennium Development Goals (MDGs), which cover a broad range of socio-economic indicators. Our long-term vision is to build a socially connected, well educated and culturally developed Cambodia, free from poverty, illiteracy, diseases, and living together in harmony, without discrimination based on gender, religion, nationality and social strata.

To this end, we have prepared and strictly implemented a package of socio-economic policies, aimed at improving the living standards of the people, by ensuring peace and livelihood safety, addressing gender inequality and developing the capacity and quality of human resources. The latter can be achieved through the improvement in the education system and upgrading public health and sanitation. The Royal Government has worked very closely with all development partners, i.e. both the Royal Government and development partners have made considerable investments in human resource development.

Indeed, as a result, we have achieved many remarkable outcomes in some important sectors such as education and public health, including the reduction in HIV/AIDS prevalent rates. However, we also recognized that there are still many shortcomings and challenges that we must overcome to realize our agreed visions and objectives. I hope that this two-day meeting will provide us with enough time to brainstorm on various outcomes, shortcomings and challenges that we are facing in this important human development sector. My colleagues in the Royal Government who have direct responsibility for this work will make detailed explanation to all of our development partners on what we have achieved together so far, the strategies and plans to address

the challenges we are facing and the requirements to ensure successful implementation of all strategies and plans.

Since the last Consultative Group meeting which was held in December 2004, we have noticed remarkable progress, both inside Cambodia and on the international arena, with regard to ensuring aid effectiveness. Internationally, a new standard was established for both the developing and developed countries, including long-term monitorable actions, aimed at reforming the way in which aid is delivered and managed.

Domestically, the Royal Government has worked very closely with development partners and achieved remarkable progress, particularly, in the area of strengthening the capacity and effectiveness of the Joint Technical Working Groups (ITWGs) and Government-Donors Coordination Committee (GDCC) by preparing *Guidelines on the Establishment and Functioning of TWGs*. For instance, the preparation of the meeting, setting agenda for the Cambodia Development Cooperation Forum, as well as the development of joint monitoring indicators have been discussed within the framework of the enhanced coordinating mechanisms by recognizing the Government's ownership and enhanced partnership and mutual accountability with the development partners.

I am aware that Cambodian Rehabilitation and Development Board and Council for the Development of Cambodia (CRDB/CDC), which is the secretariat of GDCC and CDCF, have prepared an analytical document on *Efficiency of Cooperation Financing in Cambodia 2007* for this forum, that outlined in details the utilization of the cooperation financing, the challenges and recommendations that both partners need to pay attention for future implementation.

... I strongly hope that this report will receive special attention from the forum participants through the discussions to find practical measures to enhance the efficiency of our cooperation based on the spirit of real partnership and the increased respect for Cambodia's *Ownership*. Before concluding my remark, I would like to make another proposal on the date for the second CDCF. As you might know, Cambodia will hold general elections in mid-2008 to elect the National Assembly of the new legislature. According to past experiences, during the election year, we have always agreed to hold this meeting at the end of the year, which would allow enough time to set up a new government. Therefore, the two-day meeting of the second *Cambodia Development Cooperation Forum* will be held in December 2008, as convenient. However, I think that the GDCC will decide on the concrete date. I hope for your understanding regarding this proposal... What is more important is to prepare and plans by taking real actions in order to achieve the agreed strategies. Indeed, it is more difficult to do than to talk...

Reform is not a shallow word. Implementing reforms does not only require political will, but also considerable human and financial resources. The political and cultural contexts should also be taken into consideration. I recognize the ambition, the enormous efforts and the challenges confronting us... This requires the participation from all relevant actors, not just observers and critics.

... During the last 4 years Cambodia's has accelerated its pace to transform a war-torn and poverty-stricken country into a nation firmly on tracks of progress and realization of its potentials. However, on every step forward, we encounter more new challenges; but we see clearly the

(Continued from page 8) solely by Japan. Take for instance we have the NR 6A and NR 7, NR 6, not to mention the Kizuna and Moat Khmung Bridges, etc. I would see that it is our desire for Japan to complete the whole NR 2, which has its part between the provincial town of Takeo to Phnom Penh to be renovated and constructed.

...I also wish to thank our Thai guests here for the NR 67 from Chuam Srangam pass to Anlong Veng. I will soon conduct a Cabinet meeting in Koh Kong so that we all could see what we have achieved in the past term along the NR 48...

We already have our corridor built along the coast and two major bridges completed with only two more to finish. It is estimated that the corridor will be ready by end of 2007 or early 2008. If we were to launch an inauguration ceremony I would instruct a whole Cabinet reviewing trip to Koh Kong and then from there to Kompot via Sre Ambel and Veal Rin, because we have this part - both roads and bridges - built by the Republic of Korea's assistance.

The RoK already signed an accord to continue building the 40 million US dollar - 140 kilometer NR 3. The Koreans have taken their commitment for the whole NR 3 now...

This year rain comes early. Rainfall caused some flood in Banteay Mean Chey but is favorable for other provinces to start cultivating short-term rice whose harvest will be in September and a second crop cultivation will be able thereafter.

IMF (International Monetary Fund) has made its prediction of Cambodia's economic growth to be 9% excluding yet agriculture, while last year only 6% in similar consideration. But it turned out that we achieved 10.8%. If agriculture contributes from 4% to 5% we will surely have a bigger growth, with two digit

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HE Premier Wen Jiabao and I have agreed that the 200 million US dollars loan has to be made use quickly. I have informed you all before that a part of the loan has also been used for the re-construction of the NR 76 from the district of Snuol to Sen Monorom of Mondulkiri.

We are today celebrating the construction on the island of Koh Chen (China) and I also doubted why in the history this land is named after China. We all know about the arrival of Chou Ta Kuan to Cambodia in his trip to see Angkor Wat in 1297 - about 800 years ago. In Siemreap province, if you noticed, some villages have Chinese features, while here in Prek Kadam, we also have this island of China or Chen. Historically, because of internal strife and war of oppression by foreign powers, the Chinese have fled their country to resettle peacefully in our country. This has illustrated our two countries' long-term relationship lasting hundreds of years.

Having said so we also have to be clear with the efforts made by Samdech Preah Norodom Sihanouk to maintain and strengthen a long-term relation between Cambodia and China in the past as well as in the present. It is indeed impressive to have learned in the speech of HE Ambassador of China on its efforts to help developing countries whereby President of the PRC, HE Hu Jintao and leaders of the G-8 nations have agreed in speeding up globalization in a way that developing countries will benefit the most. It is indeed important to see that globalization that leads to loss of the developing nations' interest is an unreasonable way. Though HE Hu Jintao said so in the name of China, but its importance covers also interest of the developing nations and as I see it envisages the win-win policy in the stage of globalization.

Assistance provided by

the People's Republic of China to developing countries, Cambodia also included, takes in all forms - grant, non-interest loan and soft-loan. We have assistance in the form of human resource development, whereby our human resources have a chance to share their experiences, which also include the "early harvest" program for low-developed nations in ASEAN for their accesses to about 400 items to be exported to the PRC with quota and tariff free. The problem is we do not have those items to export to China.

Taking this opportunity I would like to express through Madame Ambassador and all Chinese friends our greatest thanks and appreciations to the Government and people of China for their generous and continuous assistances for our country's development aimed at alleviating poverty among the Cambodian people. As its neighbor, we have always respected and been joyous to see China's economic growth and emergence in the past recent years making China a potential economic house where many countries in the world would have a chance to benefit from the biggest market. Take for instance Cambodia's exportation of two million tons of rice, if we were to be able to do so, would not be sufficient to feed even a province of China. I was once asked by a journalist if I were worried of China's accession to the World Trade Organization. My response was "are we happy to receive Chinese refugees or Chinese tourists?" Let's look in the history when the Chinese fled their country because of internal strife and foreign oppression. On the contrary, if China were to have a better living condition, from one to two million of them could come as tourists to our country, we then would be able to benefit from that too.

China's economic gain has been attained at the rate of

8% per year, and about 10% in the recent years. HE Wen Jiabao stated in Bandung last year that China reserved a sum of 10 billion US dollars for developing countries, in which five billion US dollars is for the countries in Southeast Asia. Taking this into consideration, China has started to conduct a rail study at its expense from Battambang to Bat Doeung, to Phnom Penh, to Snuol and to Loc Ninh of Vietnam. Once the study completes, there would be a greater share to be contributed by China in the construction, whereby its provinces of Guangxi and Yunnan would be linked up with ASEAN.

As far as this bridge is concerned I remember that in 1968, I first crossed this river in a ferry with my Buddhist mentor Venerable Chreng to the pagoda of Andoung Por in the province of Kompong Thom. I was then a pagoda boy. Today we officiate the construction of the Bridge and it would take fifty months because it is a deep river bridge and also a big one too. Basing on our common sense, since the bridge's length is shorter than the one for Prek Tamak, it would perhaps take a shorter time to build. Rural infrastructure will give benefit to rural area and this is what we call redistribution of opportunity and fruit of economic growth to rural people. Everywhere in our country is getting near as traveling takes ten hours before from one point to another, it takes only half or less now.

The world is small now. I would take a few days away to conduct an official visit to Japan and my purpose is to request Japan for the Bridge of Neak Loeung over the Mekong River. This bridge is indeed a critical point of connections of five roads - the one to Kompong Chhnang, to Phnom Penh, to NR 6A, Kompong Cham Province and to Kompong Thom provinces. Aside from that people from

eastern side of the river go to Kompong Som do not have to go via Phnom Penh but crossing this bridge here and take the NR 51.

I was mentioning a few days ago in Takeo about the price of land. It indeed depends on the correct leadership that the price of land has gone up or it would be priceless if we chose an incorrect one. Take for instance, along the NR 7 before 1970 there were widespread activities to grow plants of coffee, durian, etc. The land price went to nil when war broke out while land in Hong Kong, Macau, Malaysia ... were on high prices. After 1979, no one would want a piece of land if there were any. The present embassy of North Korea is indeed the house in which HM was born and it is sharing a fence with mine. I have maintained the house for HM to return and now it is not wrong. In case of insecurity no one would bother investing anymore they would pack their belongings and flee.

Let me take this time to make clear in front of Hakem and Tuan of Islam here today in my capacity as head of Government in relation to what has irresponsibly been said by the Thai military spokesperson that Cambodian Muslims crossed the border to join the Thai Muslims in the South of Thailand in their secession movement. I already instructed HE Minister for Information and Minister for Foreign Affairs to deliver our reactions and I demand Prime Minister Surayuth Chulanant to correct what has been said as it was a serious remark on the Cambodian Muslims.

Maybe I should recall a few events before I make my position in this matter. At the time we celebrated the International New Year, there were explosions of bombs in Bangkok and they said they had discovered the identity of the offender. But because it was

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just a piece of news I did not react to that. But I was thinking that because they failed to perform their duty they blamed us. I think they should not make any complaints because it would be a discrediting act for their incompetency. If it were true that the bomb was taken from Cambodia, it would mean that Thai authority has been incompetent as they could not prevent those who bring explosives into Bangkok. They should first blame their police and military bosses before pointing finger at others.

Secondly claims of involvement by our Muslims have been made for long time but we never thought that they would increase their attack so far as to say that Cambodia is a training ground for Ji terrorist group. I am not happy with what they have linked our Muslims to what happens in the South of Thailand. Our Muslims would prefer nothing else but peaceful life and Cambodia is a harmonious place between religions. It is indeed true to say that harmony among religions has indeed been a positive heritage from former Kings of Cambodia for our nation. Last year I told a Thai General that the Muslims in Cambodia would not be fooled to serve as separatist forces in the South of Thailand and it would be wrong to have a confrontation with Muslims in the South, while seeking for one more in Cambodia.

Today I would make clear my position. Firstly, Cambodia respects Thai independence and sovereignty. Whatever happens in Thailand, the coup, and the south issue are Thai internal matter. Secondly, I told HE Prime Minister Surayuth already during his trip to Cambodia on this matter. Cambodia always regards Thai sovereignty when Thai Constitutional Court dissolved Thaksin's Thai Rak Thai Party and banned its executives from political activities. We did not

say that it is an abuse of democracy value or anything at all. I would urge the Thai Government and military not to internationalize its internal problem. Thirdly, Cambodia is prepared to conduct any level of negotiation with a constructive manner so as to prevent this from happening again. I would assure you that if there is any Ji in Cambodia, we would not let them go to Thailand. They would be crushed in our country right away.

I would urge any matters in this regard should not be communicated through the press but through our established channel. We could not accept or stand by before such an accusation. I would also urge our people, Khmers or Khmer Muslims, should know places where their presence would or would not be harmed. I would seek Bangkok's understanding of the situation as we cannot stand to be accused in an increasing manner like that. They should at least think that if necessary Cambodia could also participate in peace making in Thailand the same as when Thailand was doing help for Cambodia before. Cambodia could be a place for Thais to discuss their differences too.

I also clarify to Muslims that we do not mean to harm you or to suspect your actions but we would act in conformity of the law no matter who the person may be. Take for instance here is a good example that land in the South of Thailand may not go sky high because of the war there. I am sure that Thais have their wisdom to solve their problems but they should not drag Cambodia into their problem. I would urge us all to continue to strengthen relations with Thailand irrespective of personal judgment by that military spokesperson. I hope they would correct their comments. I would stress that we are not seeking any situation like in 2003 since our relations have

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companies and consultant associations for such timely achievements...

... Anywhere we have new roads and bridges land has got its promoting values. It is quite a contradiction to the period after the Pol Pot time when no one was interested in possessing any land or house. I met only 70 people in Phnom Penh and the Ministry of Foreign Affairs in those days started with only three people - a minister, a secretary and a driver. No individual family dared take a house for its own. They normally grouped between more than two families to reside in a house. Only now they have problem of sharing ownership.

Take for instance land price here along the NR 2 and NR 3 has been sky high and this situation would not last if there were to be a change in leadership. If a wrong leader is to be chosen, these valuable assets may have its reducing value too. You would see a wrong leader who would create instability that might generate war or conflict from which our people would have to abandon their land again... Once the war flared up, our people were displaced and some have continued to reside in foreign country up to the present. In 1979-80 land was priceless. So we could conclude that when we achieve full peace and political stability, our people have turned to new land again for production.

I warn you of those who talk a lot before they could get hold of power but once they got it they may cause trouble which in the end leads to destabilization and disruption of normal life again. In some countries as we can see when they change their leaders they have cost the country its political stability and instability ensues in all sectors.

We have what is called a human rights report and one of its concluding remarks on

Cambodia is of "systematic violation of human rights by the Government." It is indeed a severe remark. I have refused to see the man who wrote.

I have said in an ASEAN meeting before former UN Secretary General Kofi Annan that, "I do not hope or expect that there will be a positive report on human rights in Cambodia because if they were to do that they would be jobless once the office is closed officially in Cambodia." To be frank it is because of salary that they make noise. All right, I have considered you a group of long-term tourists in my country already. It is not a bad thing after all because my citizens charge house rent from you too.

Talking about this we should see in front of us HE Shinohara the Japanese Ambassador who in the past lived in Cambodia and studied Khmer in the Royal University of Phnom Penh. He has been one of the Cambodian watchers ever since. He has talked to us about what he saw as importance in relation to NR 2 and NR 3 which indeed connect Cambodia among its southern provinces and have a connection with Vietnam for the sake of trade as well as people's relations along the Cambodian-Vietnamese borders.

Infrastructure for transports and communication is one among the eight prioritized areas which also serve as an important factor in attracting foreign investment from both private sector and partnering Governments. Indeed, in my contact with HE Obuchi, former Prime Minister of Japan, we have the Japanese assistance in renovating and constructing a part of the NR 2 from Takeo provincial town to Phnom Den at the border with Vietnam.

Japan has offered us a lot of assistances but so far we have yet a road that is built

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