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mandates from the people.

The first election was held on February 1, 2002 but for the next one – owing to needs for an update for population census, the national election committee (NEC) has re-scheduled the date to April 1. The people voted to set up their communal councils, who then become important voting body to elect members of the Senate on the people's behalf. As the same voting constituency, you also voted to choose the village leadership and in the course of having parliament at the provincial, municipal and district levels – you all will have very important roles to play in voting to elect them too. Take for instance the provincial Governor would have a group of leadership, a council which is functioning as a provincial parliament that is going to be born out of indirect voting system or non-universal suffrage. To say in short you all will become **four voting bodies – 1) to elect the Senate, 2) to elect the provincial/municipal parliaments, 3) to elect the district/Khan parliaments and 4) to select your own assistants – the village leadership...**

From now on to the voting day **I urge you to do good actions in the course of fulfilling your duties and you all should not suffer from the complex that you would not be a candidate in nomination anymore.** You should try to avert conflict of land tenures as it closely relates to the local management. Whether one is going to be re-elected or not or is subjected to retirement, one has an obligation to keep good care of the property including the commune's stamp. In the course of campaign period there needs to be a mechanism to go on with the day-to-day operation by the commune secretary with the responsibility of the functioning head of commune. There needs to be a smooth operation until

the new elected leadership take over, with a guarantee that nothing could be afford to get lost throughout. From stage to stage there has to be a transfer... We have built in all about 600 commune offices and as of now ADB seems to be offering to build more throughout the country. I wish to see that **the commune councils will not dishonor themselves because of small things** – as I used to see in the past old ministers took whatever he had in his time and the new ones would request to build new sets of what he needs.

It is indeed going to be **a transfer of power in a democratic way and not at gunpoint.** Countries where transfer of power held at gunpoint prompted the old president to run away while the new president will have to first appoint oneself... I am ready to transfer my power when I lose the election and I would urge only to organize a Government right in time. Once NEC declares the winning party, I would quickly announce my acceptance of the winner and request for a quick setup of the Royal Government and declare to all institutions to get ready for a power transfer. Take for instance no one knows about the rectangular strategy until the official declaration of the Royal Government of the third legislative term on July 16, 2004.

The **seventh priority is to be declared in the fourth term Royal Government in relation to using natural resources, mines because as of now we have discovered oil and gas.** I also said to the Australian Ambassador who is also present here that the Australian company BSG will be allowed to do its business in Cambodia in terms of **bauxite mining** as we have discovered nearly one million hectares. We have also done with the construction of the cement factory – which in

all is the use of natural resources. Our country ceased to be divided and prone to armed conflict. Our lesson, and perhaps in other countries as well, **armed conflict arises when no opposition parties, non-governmental organizations and freedom of press are allowed.** Their last option to turn to is armed struggle. We have the duty to prevent our country from going back to such a backtracking situation. We are to be in verbal conflict but not armed ones... I said with many foreign friends that the most important thing remains in the fact that the leaders are brave enough to face the elections and to let it happen. Take for instance if I were to delay the election in 1998, I could have plenty of reasons to do so. Last year there was this idea that the next election is to take place in 2009 and I rebuke that by determining to get it done on the fourth Sunday of July in every five years...■

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experience we had in releasing flood from the western side of Phnom Penh to going through the national road 2 and to a huge lake from there...

I also have ordered that some water must be released from the water catching system in Kirirom hydro power station and HE Minister Suy Sem is looking after the matter on that side. In all I wish to reassure our people that the Royal Government of Cambodia and myself as the Prime Minister would not let you die from hunger because of ignorance or leave you in a state that is unable to recover your livelihood. I would urge local authorities, related institutions and the armed forces, more than that the members of parliament and the Senate, to stay close to our people and to act for their safety and livelihood support...■

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of them. If they were to say the Government tends to make only 70% whereas another 30% needs to be completed, it is quite acceptable, but not the other way round. In the last six months of the year we have noted an increase of 10% in textile export sector. Cambodia's tourism makes an increase of 19% over the same period. If we were to have that negative phenomena, the country would already be in chaotic state and HM the King-Father would not be in a happy mood to sing and broadcast. This remark is indeed tantamount to giving a downgraded reaction to HM the King-Father for not paying attention to the people's suffering. This matter should be brought to their attention. Are they wishing to say that Samdech Ov should stop singing when the country is in chaos? We still have difficulties, poverty but they are in the remaining section to be liberated. The two heroic Majesties – former King and Queen – though could not go to see people at their place, have invited them to the Palace to console them. They forget that when they hit on Hun Sen or Keat Chhon, they also nail down HM the former King and Queen too. If we were to lose 75% of the state revenue, the country would not have money for the Royal Palace. We tend to release money slowly in form of Government pay-roll but that does not mean that we do not have money in the treasure at all. What they had said was aiming only at discrediting their own country and I am sure the people will make an unbiased judgment on that. What concerns me is HM the former King and Queen's health condition. As far as HM the King Norodom Sihamony is concerned, he is very busy and keeps serious attention to every work and Sihanoukville will be his visit destination after all...■

19 August 2006 (Unofficial Translation of Selected Comments)
Visiting the Flood Barrage in Phnom Penh's Saak Sampeo



19 August 06— Samdech Hun Sen with people during the visit to the district of Saak Sampeo right after the flood damaged the barrage of the capital city of Phnom Penh.

... It is indeed a pleasure for me together with senior ministers, ministers, secretaries of state and members of parliament, the Senate, Governors and Deputy Governors of Phnom Penh and related institutions to meet with our people here in Sak Sampeo of Dangkao district. I was wrong that the dam could be strong and would not be affected by any flood. But it turns out that the dam is damaged. But as you know in the last few days we have all the provinces bordering on with the sea—Koh Kong, Sihanoukville, Kompot and Kep, and then Kompong Speu had all been affected by flash flood. As far as area inside the country is concerned we also have Kompong Thom, a part of Pursath and Battambang affected as well. The provinces of Kratie, Stoeungtreng have all been affected by seasonal flooding. What to be ashamed of is to have this dam was broken!

Damages have been taken

place but no life has been taken. The areas of Kompong Speu's Chbar Mon, Aoral, Samraong Tomg and Phnom Sruoch have been quite safe... The local authorities with helps from the armed forces' rescue boats have been operating along the national road 4. HE Governor of the Phnom Penh city has outlined a number of measures including cutting wide open the road that is not under construction yet. I accept to let that be done but quick discussion must be done with Minister for Water Resources and Meteorology. Immediate measures must be taken to avert the destruction of rice of our people in this area. Quick release of flood water would save our people's livelihood and their rice. Last year I ordered in the same purpose to cut wide open the national road 2 at Prek Ataing and two places along the national road 1.

My trip here was at the flood
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16 August 2006 (Unofficial Translation of Selected Comments)
Visiting the Flood Victims Along National Roads 3 and 4

... Joined by senior ministers, ministers, members of parliament, and the Senate, the National Assembly and related authorities, I am coming here today to see you all and to observe our people's hardships as caused by flooding in the course of torrential rain in the last few days. HE Nhem Vanda, the first deputy director of the National Committee for the Disaster Management has been here since yesterday. It is indeed our priority to see that you all are well taken care of.

The disaster caused by the torrential rains hit hard on the region as a whole, and Cambodia

has suffered it too. I wish to take this time to express my condolence to the death of one man in relation to this incident. So far we have noticed that four provinces bordering on sea—Kompot, Keb, Sihanoukville and Koh Kong, including one part of Kompong Speu suffered from this torrential flooding. As we have taken precautionary measures the degree of destruction has been kept in a minimal rate. Thanks to measures taken by the local authority from provincial to the village levels, flood-related death—for humans as well as for animals and flood-related destruction of
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17 August 2006 (With Unofficial Translation of Selected Comments)
Addressing the First-Term CC/Sangkat's Performances

..., I would like to highly value His Excellency **Sar Kheng**, Deputy Prime Minister, Minister of Interior for his dynamic efforts in leading the National Committee to Support Communes/Sangkats, which is a mechanism to facilitate the implementation of Cambodian decentralisation policy, and to attain many results during this 1st mandate. At the same time, may I also express my profound appreciations to all ministries, agencies of the Royal Government, governors, deputy governors and civil servants at all levels, including development partners, civil societies and all citizens for their active participation in supporting the decentralisation process over this past 5 years. Moreover, all 1,621 Communes/Sangkats over the country play a central role in realizing the results of

this historical reform process. The government initiated the local governance reforms that adhere to democratic and decentralized process since 1999 under the *Political Platform* and *Triangle Strategy of the Royal Government* of the second mandate of National Assembly. Thus, this initiative was launched 1 year after our nation attained territorial unity and peace under the "*Win-Win*" policy; this is a proud achievement for all our people.

Under this initiative, in February 2002, all Communes/Sangkats across the country,
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diversion dam along the river. People here never beg me for rice but they beg me for a strong dam. People along the dam request the same thing. It means people know the importance of infrastructure. As far as the Sak Sampeo dam is concerned it is now 15 years as I once returned from a meeting in Pattaya's Supreme National Council (SNC) there was a flood in the west of Phnom Penh and I was requested by our people here to build a dam. Floods overflowed the dam once in 1995, again in 1998, again in 2000, and again in 2003. Now it is damaged again in 2006. The soil here does not stick together and the cost of building this dam is very expensive. But this place is economically active because of many huge factories nearby and more to be built in the area I would order a provisional fixing of the dam. At the start of the dry season we commence the construction of road from Prek Thloeng to the national road 3 using the Kob Srov's dam standard.

The dam is to be reinforced into both a dam and a road with asphalt to be named the "7 Makara" or 7 January because it is a part of the road connecting from the 7 Makara water dam. The road is to be built by the Ministry of Water Resources because it is to do with water here. We need a sum of 20 billion Riels or 5 million dollars or five tons of gold. We have at least five water gates. The construction would start immediately when there is this wind from the north (December or January). I hope my decision today would make our people in this area free from dam breaking when floods take place.

The number of equipments that we have is sufficient for working on a road length of 17.2

kilometers. In completing this road we have two benefits – first we could divert the flow of flood from the western side of Phnom Penh to outside Phnom Penh city, and second, we have a road connection for those who need to commute to Ta Khmao town of Kandal province from the western side of Phnom Penh without having to go through the city as the traffic is so often jammed. They said we have been making this country poorer and poorer but the fact has showed that we have more cars than the road could afford the traffics, and those who say we make the country poorer are also driving their cars on these roads. In the future the area would become an economic zone inside Phnom Penh. The road would be a benefit not only for those in Sak Sampeo but many communes along the Prek Thnaot, probably except the Proteah Lang commune. What I am saying today is indeed the announcement of the construction project and the project will start as soon as the weather allows.

I would not use the country's money to build the office of the Council of Ministers – a place where I work but I have very nice commune office building here and elsewhere. The Municipality of Phnom Penh could think about providing its counterpart fund. According to my estimation we should complete this road by 2007 and for the dam we could finish it before the next flood time. This road should be done in the time of Hun Sen. Many roads were affected by flood - in Preah Vihear and in Kompong Thom and there needs to have more money to fix them up. All broken parts of dam will be fixed except the part in Sak Sampeo which will be asphalted too. I would urge the Phnom Penh Municipality to discuss with HE Lim Kean Hor of the Water Resources Ministry as to which

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sion of motorcycles, we paid over one million USD on consultant out of the sum close to 3 million USD. When we get fined, the consultant did not accept the responsibility. I think we should therefore review our loan/credit policy – as in the above case where the loan interest loan has to cover a high consultant expense. So if we compare to that of high interest loan, it seems that the high interest loan is better than the low one. Some may say Khmers are part is to be fixed first.

The dam's bottom would have to be 19 meters wide, whereas the top width would be 9 meters in which 7 meters will be asphalted. I would urge participation from every household here because if one household disagrees I would not order a go-ahead. As long as Hun Sen is here Hun Sen will continue to think about the poor. Without Hun Sen I do not know who would care this much on this thing for you. Different Prime Ministers mean different areas of focus and attention. I was born into a farmer's family which allows me to know full well difficulty of the poor. I do not have a second homeland as other people. On August 20, 2006, a political party was proclaimed with a candidate for Prime Minister's position. I am happy they announced to challenge for vote in 2008 elections. I would urge more to show up. I would welcome everyone – young or old – in the race. I have to finish the road by 2007 and this should not be seen for the race's favor. I wanted it done so that I do not have to come back in August 2007. HE Chan Sarun must look for alternative beds for rice seedling and get ready for them whenever they need. The Cambodian Red Cross as far as I know would be doing something very soon too...■

stupid because they do not accept low interest loan. Yes, because when we accept a 1.5% interest loan, we had to accept a high consultancy expense where in all it could be worse than the 2% percent interest.

I wish to have a comparison between borrowing money from China at 2% interest rate and the loan from other sources with high expenses on consultancy – to find out which one is better. As far as I know some times we spent about 20% of the projected loan for consultancy service. Take for instance a 100 million dollar loan project at 20% consultancy expense – that means we spent 20 million USD on the 100 million USD loan project or 2% interest rate already. Low interest rate but high service cost makes two of a kind. I am neither macro nor micro economist but as a leader of the country, I have to think about the nation's independence, sovereignty and interest. Low interest rate is a temptation and once it is bitten, punishment could be at any time on their side. Having said so does not mean I will not accept the ADB project but that unnecessary cost should be deducted, as I once mentioned in my intervention at the UN General Assembly. It is now time that the Cambodian brain should be on call for use. We should stop allowing "brain drain" from Cambodia and Cambodian data. It is usually said that they get our flour to make flour cake for us to eat. I deem that a reason why we continue to be poor. In spite of all this, Cambodia is striving in its off-shore oil exploration and yesterday I instructed a speedy mineral research in Monduliri province. This would help us strengthen our position. The people of Cambodia as a whole, as well as people in Si-hanoukville, should be happy to see that we have another bridge

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needs into the needs package in order to effectively respond to the needs of different groups in the local community.

In this reform process, our investments on the *social capital* and *politic capital* must be built on equal foundation, equal responsibility, equal participation and equal opportunity for all Cambodian people. At this point, the foundation of equity through women's participation and local gender issues, which was established in the first mandate of the Commune/Sangkat Councils, have to be implemented, improved and maintained in the future policy and reform implementations...

This reform is complicated and requires time, discussion, conciliation and commitment from all stakeholders... Within this transitional period which the mandate of the National Committee to Support Communes/Sangkats is ended while SEILA Program will also be completed at the end of this year, the National Committee will be responsible for a lot of works that I may highlight on three important assignments as follows:

1. The coordination in drafting the Organic Law for the administration below the national level has to be in line with the setting agenda.
2. To coordinate with development partners and projects that are supporting the decentralization and deconcentration reform in order to prepare the preliminary assignment framework to ensure that the aid and projects are moving smoothly, adequately and effectively.
3. To coordinate and support the Commune/Sangkat operations from now until the new Commune/Sangkat Councils come to office, according to the result of the Commune/Sangkat

Councils second election to be held in April 1st, 2007...

Selected Comments

... On issue of budget, **the commune council's budget status** is in a better position – judging by the fact that there was this current account budget from the Royal Government, those from foreign assistance sources, and financial sources for projects to be implemented at the communal level by various institutions. The budget of 2.6% of current account means there would be 2.6 Riel for every 100 Riel that the Royal Government earned. It has generated concern not only for expenses at the senior level but also at the communal level. Sometimes the Royal Government also owed a certain sum of cash to the communal council due to cash flow difficulties. It is a new experience but we certainly made good progress. As in the first year of operation, we had decided to allocate 1% for the communes and co-ministers of interior HE Sar Kheng and then HE You Hockry at that time wrote a letter to me and to HE Keat Chhon to remind that there was a need for allocation of 1% of the national budget for the commune...

As of now HE Minister of Economy and Finance knows full well that he has to **allocate fund for the communal councils** and I would call this a progressive move to push financial share to the local level. I am glad that there have been plenty of reactions from our people through various means of information services – including that of feedbacks from people through the information box. We have discovered also some projects with irregularities and various others vis-à-vis financial issue. We have many projects that are completed without

making use of the current account funding, current flow of revenue and external financial sources – take for instance bridges, roads, schools at the local level... As far as decision to be made on how to make use of the money and how to prioritize their projects, it rests indeed in the power of the commune councils with the participation of the people – as it is said in the awareness service that “people have become real owner of their lives...”

As for the forthcoming election on April 1, 2007, I wish to see that there will be an **increase in women's share of communal leadership to over 8%** though it may still be small if compared to 51% rate of women in the country. Because we have just had a village election that brings in 13000 women into the village leadership, I hope the percentage of women's representation at the communal level would also increase. As far as this matter is concerned, Australia has been sending three female Ambassadors lately to Cambodia. I hope that all parties to be contested will nominate more of their female candidates, and their names should be on top of the lists too...

As far as issue relating to **decentralization** is concerned I have just proposed to HM the King to issue of Royal Decree on **setting up of a decentralization commission** for a smooth operation among various administrative organizations or else they would create a situation that might cause disarray in norms and letters. It is important to decide which **one is to be applied here as it would otherwise create enormous difficulties and misunderstanding among those at the grass roots level**. There needs to have a clear coordination. I may say that we have just addressed an issue that makes us difficult long ago – one the

one side is the ADB funded five-year socio-economic development plan and the other the national strategy for the poverty reduction funded by the World Bank. Though the two documents are aligned with one another, still it is worth making them a national strategic plan for development – where it took some time to make World Bank and ADB's funded plans into one. Therefore it is important to have an approach to put together the administrative reform and the decentralization efforts in similar package or else one would go to the right while the other go to the left...

I just mentioned about the budget to be allocated for the communal councils, whereas it is to be increased from 1% to 2.6% in 2007 from senior level plus those **sources of funding** at the bottom, more consideration should be put into light here. Take for instance the daily collection of tax for stands in market, who is to control this income? The ferry boat services – will it be in whose management of revenue – district or commune levels? Tax from land – a major source of income at the communal level – should not be taken into consideration here. We could think of tax on land left unproductive in the urban area, where so and so percentage should be going into the communal coffers. Tax on farming lands should not be a matter of discussion here, as we do not deem it as a national tax policy yet. There needs to be a **serious consideration as to how much should be left at the grass roots level and how much should be within the upper level's control** of resources – the district, the provincial and the central levels...

I wish to make the point here that all of you at **the communal level have very important role to play because you all receive**

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... With all Buddhist monks and people present, I am glad to be here to put into use a new achievement – the wastewater treatment plant and the sewage system (WTPSS) – here in Sihanoukville among many others achievements throughout the country. The WTPSS which is lying here before us stretches over 16 hectares of land that we deem it as another major achievement for Sihanoukville, but also for our nation because it is relating to the improvement and protection of environment of one of the three economic poles of Cambodia. This achievement also stands in benefit to tourists who have come to enjoy the Sihanoukville beach as well. The project has been possible thanks to the project funded by the Asian Development Bank (ADB) with counterpart fund provided by the Royal Government of Cambodia.

The report from the Ministry of Economy and Finance and that of HE Minister for Transport and Public Works, Sun Chan Thol, shows that the project has initially been registered to cost in all 15.5 million USD – the amount in cash is 14,344,683 USD, of which 11.19 million USD was funded by the ADB, and 1.2 million USD was import tax, with tax being in the state's burden. This would allow us to see for real how much we spent on each project. We have striven to put an end to the tax free culture that heralded from 1993 through to 1998. In December 1998, in the second-term Cabinet's first meeting, I declared no more tax free culture. In between 1993 and 98, it was a time when Cambodia had this silly practice as each member of the National Assembly was entitled to import of two vehicles for free of tax, and then followed by the members of the Royal Government, those Generals of the Army, of the Police.

02 August 2006 (Unofficial Translation of Selected Comments)
Inaugurating Sihanoukville's Wastewater Treatment Plant

The one who proposed the policy was then Minister for Economy and Finance, and it was not HE Keat Chhon. Now you can figure out from where the tax-exemption culture stemmed. I have seen many requests, those of the Cambodian Red Cross also included, for tax-exemption imports and I have instructed that I allowed those imports to happen on the condition that import tax rests in the state's burden. As far as this project is concerned, the state pays on their behalf the tax charge of 1.2 million USD. This means that if it were to be privatized, a sum of 1.2 million USD must be included in its total cost.

I wish now to take this opportunity to express my sincere thanks and appreciation to ADB for positively responding to the proposal put forward by the Royal Government of Cambodia in building this wastewater treatment plant and sewage system in Sihanoukville. In between 1951 and 1970, under Samdech Preah Norodom Sihanouk, the King-Father, the blue water seaport was developed and the city was becoming a tourist attraction. The war after 1970 brought about heavy destruction. I mentioned often about the problems and difficulties we had after the Pol Pot's 1979 genocide regime. Frequent blackout in Sihanoukville happened because there was no fuel. Sometimes we had to get the fuel from the vehicle to run the electric generator. However, we have progressed step by step. As of now city of Sihanoukville has made an astonishing progress. Overall, development brings us new concern on environmental issue, and partly the wastewater treatment and sewage system.

According to the report by HE

Sun Chan Thol, the plant has got a capacity to treat a sum of 6900 cubic meters per day of in-flow wastewater into the reservoir and out-flow treated water into ocean. We have intersection of out-flow wastewater in 33568 points – those from the brewery factory included – where it will be treated before releasing into the sea. If we were to neglect this issue, we could have jeopardized various species in the sea. What we have done is in fact part of our efforts to protect our beach, and in the future we may pay greater attention elsewhere, as is said by HE Sun Chan Thol that we urge the ADB representative to move fast on the project for Siemreap where concentration of new hotels and restaurants bring us lots of concerns about their wastes that are being channeled to Tonle Sap via the river of Siemreap – that is why development has to keep environmental issue in mind always.

As far as Phnom Penh city is concerned, the drainage system to the river have all been shut down leading to inundation of some places by the 25 millimeter rainwater, where my convoy also got stuck. As far as diverting water from draining into the river, we should consider treating it so that it could be released into the natural system. Here in Sihanoukville, in the course of implementing this project, one household whose property is affected by the project does not accept the system to pass through its property. So far in all the Royal Government already released its counterpart fund of over 3 million USD already. I am begging for its understanding and learn that the concerned authority will work it out smoothly with the family. I am asking the household to understand the common interest so

that the project could go on.

The Royal Government is exercising its financial management as what used to be the "rice for struggle" policy where each one shares one milk-can of rice. If we have four persons we have four cans of rice for one meal. But each time we cook rice, they take a handful of rice out of the amount of four cans. If continue to do this, for thirty days of rice cooking (twice a day), we would have 60 handful of rice in extra. The Royal Government has its current account budget but we keep it for prioritized projects. In the immediate stage further, I would ask the Ministry of Water Resources and Meteorology to look into the possibility of developing the system into irrigation network for agricultural activities. The area should be developed into a green belt with a priority given to cultivating rice.

The idea of semi-autonomous management is great and we cannot go on with keep-on financing procedure because semi-autonomy system would give us partly contribution from user's fee so that the system will be financed by its operation. The Angkor Beer Brewery also has to pay for its sewage draining using this system as well. It is for the sustainable purpose of the system. We have so many achievements as of now and even if all six deputy prime ministers plus a prime minister, seven in all, each goes to one inauguration per day, we still have more to go to. I wish to take this opportunity to express my sincere thanks to all companies concerned in fulfilling this project and their high standard respecting works.

I have an impression that the high-interest rate loan seems to be smoother than the low interest loan. Why? At the time we launched the bidding for provi-

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including those Communes/Sangkats that have been integrated, held free and fair election for Commune/Sangkat Councils following the principle of democracy and multi-parties system.

Therefore, since then till present day all Commune/Sangkat Councils have been functioning smoothly following government policies and other rules and regulations for the past 4 years. Through the functioning of all councils during this previous 4 years, we can assess that local management and governance have been transformed step by step into a democratic and decentralized local administration system; this is a historical change in the history of Cambodian local governance administrative system... would like to note the achievements and constraints as well as following key measures to overcome challenges:

First Achievement: decentralization has contributed to strengthening and broadening local democracy which is a foundation for democracy; and stronger multi-parties system and political stability in Cambodia aiming at reducing poverty and effective and sustainable democratic development. The results of democratic and free election for Commune/Sangkat Councils have created broad opportunities to generate local political forces to establish an institution which is the Commune/Sangkat Councils that play facilitator and coordinator role based on participation from local people at all levels and groups to address poverty reduction issues and local development. The established system has prevented discrimination, political pressure and marginalization of certain groups, in particular vulnerable groups which for the past period the Commune/Sangkat Councils and

related stakeholders made a joint effort to pioneer a culture of *participation, transparency* and *responsibility* at the local level, which is the key factor of *governance*, the core of Government's *Rectangular Strategy*, which targets special objectives on "promoting economic growth", "employment generation for Cambodian's labors", "promoting equity and social justice" and "strengthening efficiency in the public sector" through implementing various deepening and comprehensive reform programs. At the same time, Commune/Sangkat Councils are the elected representatives at the local level and participate in the election of Members of Senate, which is the supreme national institution.

Within this framework, the above achievements form "social capital" and "political capital" that are the fundamental principal for national development. The formation of *social capital* is referred to the communication among people without discrimination, non-tendency and various grouping in the society. The formation of *political capital* is referred to the communication between people and public institutions in transparency, responsiveness and responsibility manner. Therefore, I consider the **first achievement** as the key for democratic development, political stability and development in Cambodia.

Second Achievement: decentralization has processed along the preparation of structural system, rules and regulations for Commune/Sangkat Councils and its administration in managing its work at local level, including rules and regulations, for the flexible implementation and suitable to the real situation through learning by doing and actual experiences. Initiating from this methodology, decentralization goes

forward in the context of Cambodia and is accepted by the Cambodian people. I consider as a significant experience in supporting the decentralization process so far. On the other hand, the experiences from other countries show that decentralization is a complicated process, which takes time, dedicated commitment and constant participation from all stakeholders. Even many countries have implemented this policy, the structures and processes are not homogenous. For Cambodia, after the election, the newly elected councils began their work immediately with an increasing work load and better result from one year to another.

At the same time, I would like to point out that the achievement attained not only due to an appropriate supporting system, which is set up by the National Committee to support Communes/Sangkats, and its active effort in preparing policy, legal framework, rules and regulations, capacity building, public education, resources and infrastructure mobilization from various sources to support Commune/Sangkat administrations, but also, the National Committee to Support Communes/Sangkats played as a flexible coordinator inducing the participation from all stakeholders including among the government institutions, provincial authorities, district/Khan authorities, international organizations, development partners, non-governmental organizations and civil societies...

Third Achievement: we have set up the foundation of financial management system and participatory local development management system. This achievement reflects three aspects:

First, the formulation of Commune/Sangkat fund with a mechanism to transfer fund

from national budget in regular basis to enable Communes/Sangkats predicting its availability of resources. In the past 4 years, the budget of 284,075,458,000 Riels which is approximately equivalent to USD 71 millions was channeled to Communes/Sangkats. For the year 2007, the Royal Government projected that the budget, transferred to Communes/Sangkats via Commune/Sangkat fund will increase to 2.6% of the current budget. With this system, we have created the Commune/Sangkat procurement system with the participatory, transparency and honesty in allocating this fund.

Second, through Commune/Sangkat administrative system, we mobilized fund, grants and loans from various sources in amount of USD 135 millions for the past four years. The amount imperatively contributed to the investment of Commune/Sangkat development, though 20% of which was used on technical assistances which should be reduced. Thus, for the first mandate, Communes/Sangkats received resources from various sources include Commune/Sangkat fund in the amount of over USD 200 millions.

Third, to manage the resources in response to local priority needs, we introduced five year planning system and three-year-rolling investment plan for the Communes/Sangkats aiming at utilizing fund from Commune/Sangkat fund and other sources...

Fourth Achievement: given the above achievement, the decentralization process has significantly contributed, for the past four years, to development and poverty reduction of Cambodian through the contribution in addressing challenges and

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needs at the local level, and the local can solve the problem by themselves, without waiting for help or intervention from the national level, through thousands of small projects...

Fifth Achievement: *decentralization reform process promoted gender to further strengthen social capital and political capital to enhance democracy and development of our nation.* Indeed, in the first mandate of Commune/Sangkat Councils, 8% of council members were women and 12% were among Commune/Sangkat clerks. Recently, around 13,000 women were elected by Commune/Sangkat Councils to be villages' staffs. At the same time, each Commune/Sangkat has a woman to be the focal person for women and children affair at its local level.

This is another important change at the local level in the past four years comparing to the situation of local management before year 2002 in which most of the leaders at the local level were men. Such changes encourages women to participate in decision making and participate in managing some works at the local level to incorporate women's needs into democratized process and local development. At the same time, by authorizing to be the agent for vital records registrar, Commune/Sangkat Councils registered more than 10 millions birth certificates to Cambodian, including babies and children. This work has greatly contributed to promoting rights and protecting Cambodian children...

With all these achievements, we have observed many challenges as stated in the report and discussion in this conference in which I would like to stress on several main challenges as the followings:

First, recognize that formulation of laws and regulations have been done on the timely and gradual basis even though some regulations are complicated and not harmonized. In this sense, it is sometimes hard to understand and implement those regulations by themselves without coordination and support from experts. At the same time, little has been done on reviewing and improving existing laws and regulations to be appropriate and supportive to the decentralization policies.

Second, The change in practices and attitudes at the ministries and national institution levels to support decentralization process, which involves the transfer and delegation of authority, role and resources to the local authorities, are still limited. Practices and attitudes of holding a lot of works, bureaucracy, too many hierarchic procedures and complication of minor and major tasks affect our efforts in the past and future reform process. This requires appropriate coordinating mechanism to properly transfer and delegate authority to local authorities with appropriate resources and capacity.

Third, The transferring and mobilizing financial resources from various sources to support decentralization reform process, even great efforts have been made, are still limited and unable to respond to the needs at the local level. The fiscal decentralization, which is the main component of local resources has not been implemented. The Royal Government considers the fiscal decentralization as a complicated task, which requires sufficient time for comprehensive consideration. Nonetheless, in the near future we are committed to promote the fiscal decentralization at the local level aiming at generating resources at the local level to

support the development and poverty reduction according to the local needs.

Fourth, As for capacity at the local level, many challenges remain even though great efforts have been made. This requires appropriate policies and strategies to support human resources development for the medium and long terms.

At the same time, it is imperative to notice that even though the Royal Government has adopted the "**Strategic Framework on Decentralization and Deconcentration Reform**", launched in June 2005, which highlights policies and basic objectives of the Royal Government for decentralization and deconcentration process leading governance reform at sub-national levels, we still have another task to perform, that is the formulation of appropriate policies and legal framework for the management at province/city and district/khan levels that are important administrative levels within the sub-national administrative system.

The decentralization and deconcentration reform process connecting to the good governance, democratic strengthening, poverty reduction, and development require a clear investment plan and conscience in creating **social capital and political capital** as I have highlighted earlier.

In this spirit, the development through democracy has two main factors: **political development** and **administrative development**. These two are related and relied on each other. In general sense, **political development** is related to the creation of sub-national level based on the following principles:

1. Having representatives elected through direct or indirect vote in which the

government has committed in its strategy that the provincial-municipal, district-khan councils will be created through indirect vote. The Commune/Sangkat Councils will be elected through direct vote, which will be held on the 1st April 2007.

2. Promoting participation and public contribution from all other groups at the local level in the society.
3. Responding to the local needs.
4. Making decision and choices for local governance including poverty reduction and social-economic development as well as appropriately monitoring and evaluating the implementation of any decision and choice.
5. Having accountability for its people in decision making, choice of attitude and actions.
6. Respecting the constitution and state law.

In general term, the **administrative development** is related to the provision of programs, services and infrastructure chosen for local development. Therefore, **political development** and **administrative development** have to be related to each other. This relationship will support the institution developed at the local level to be open and transparent. In this sense, each management institution below the national level, has to do their best to improve the people's living standards by encouraging everyone in the community to participate in the process of good governance, enhancement of democratic culture with co-operation and participation as well as efforts in the assessment of the public needs in their own community by inserting the women, the poor, children and the vulnerable group's special

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property have all been minimal.

In this situation I wish to take this opportunity to issue for the first time certain measures and some consideration to authorities related, in Kompot province as well as in other places. First of all people suffered from the flood incident must be evacuated to high ground so that no one would lose his/her life, because of this natural disaster. Further, the local authorities of all levels must take precautionary measure in reaching out to people who might have been trapped in their rural flooded residences so that they could be brought, by all means, to high and safe ground.

These measures are instructed to be taken not only in Kompot province or the district of Kompong Bay in Kompot but to all affected areas in the country so as to avoid life threatening incidents. I wish to also urge every affected family to take care and keep watch of their children and keep them from playing in the water, though some of them may know how to swim. Some people may not need to be evacuated this far if there is safe ground all around but a life support service must reach them no matter where they settle. I wish to reiterate the Royal Government's policy once again that no one should be left to die from hunger because of our ignorance at all.

Another point of concern is that as usual when there is flood at this level, there normally are problems of poisonous creatures taking refuge in human residence too. It is in the concern that there normally are water-born and /or contagious diseases, and I have here with me HE Minister Nut Sokhom, Minister of Health, focus on healthcare should be primary task during and after the flood recession. We must use every-

thing we have in hand to prevent those situations from happening. For the time being we must make use of all health services — civil, military and police — so as to keep this matter under control. We are facing here a situation of lacking clean water as we can see here in the Kompot city flood has messed up the waste water and supply water system together. So it is a must that water must be boiled properly before consumption.

As far as area under destruction by flood according to my bird's eye-view from helicopter, the size reported should only be the area affected by flood and necessarily the area under rice cultivation that is damaged. More than that the area under rice as it is flooded by the flow of torrential rain may not be totally damaged as this would depend on how long would the flood stay in the field and whether it is still or flowing water. According to normal practice, in short flooding, some rice grows even better after the water recedes. It is indeed true that when the rice fields are facing a heavy current of water, the rice in the field would be washed away too.

To redress possible damages as caused by this flood, I urge HE Minister for Agriculture Chan Sarun to consider planning a common bed for rice seedling so that the problem of lacking of rice seedling could be addressed in a timely manner. It would be impractical and not helpful to provide them with rice seed at this moment because of timing and level of water in our people's rice fields. It would be more practical to provide them with rice seedling as it would save them time of growing the seeds.

HE Sun Chan Thol, Minister for Transports and Public Works is also here and we have an infrastructure issue to be dealt with. The flood happens

along the national road 3 and also the national road 4. This time we have a serious problem to tackle as along the national road 3 there is this railway that needs to be properly inspected right after the flood recession. In the meantime no heavy truck load is allowed or it would damage the road. This matter should be taken care of till after the water recession. The railway operation from Sihanoukville to Phnom Penh should also be under similar treatment. I have talked to the Ministry of Economy and Finance to prepare some budget for time of necessity. We all know that redressing the infrastructure would require higher payment than emergency relief.

Yesterday I have instructed HE Sun Chan Thol to divert shipment of export goods that are usually going to the blue water port of Sihanoukville to the port service in Phnom Penh. As you all can see that flooding caused problems not only to you here on the spot but throughout the country. It is barring imports as well as exports services. All ministries concerned should try to coordinate goods on order to be catered through the Phnom Penh International Airports, the Phnom Penh River Port or even all the way to the Seaport in Vietnam.

It is worth noting that flood affected Kompot always since HE Saom Chen was the Governor of the province. As we have HE Lim Kean Hor, Minister for Water Resources and Meteorology here, I would recommend that a study is to be conducted to find out means to release water from mountain slopes quickly to the sea. Kompot is a transit city to Kep — a tourist city and there are slopes in which water from the mountain is collected before releasing into the river and down to the sea. We should look into the

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over the Se Kong River and the last segment of the national road 7. It is indeed a good stuff to talk about. But some ill-thought people never changed their subject from the death of Tamok (the former Khmer Rouge commander), whereas the big topic should be the marvelous Se Kong bridge. What should we expect him to be? To be an eternal person? He was already over 80? My mother was only 78 when she died. They said the Royal Government is behind the death of Ta Mok to get rid of a witness. This means that when they all died — Nuon Chea, Khiev Sam Phan, Ieng Sary — again, it will be because of the Royal Government or what? Ta Mok was just a culprit whom the Government arrested and placed him in custody awaiting prosecution in the legal process. Anyone said anything to the international court in The Hague about the death of Slobodan Milosevic, former President of Yugoslavia?

There was this movement of what they called "mega-politics and mega-economics" while making evaluation of the state revenue's loss of 75% - to say in short they act on behalf the role of the Bureau of Statistics. I have responded to HE Keat Chhon's report that if the state collected to its coffer only 25% of the total revenue, this state would be dead long ago. And the evaluator does not have a state as such to evaluate. The agronomist tends to say because of good weather condition, the Government is reaching a growth of 13.4%. When the growth is low, they said it was because of the Government's poor governance. We accept that we made some losses but that loss could not be exaggerated to 75% of what we earned. I wonder why these people are good for foreigners to make use

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