



INNOVATIONS FOR SUCCESSFUL SOCIETIES

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MUKHERJEE: It is the 29th of October and I'm with Dr. Kao Kim Hourn, the President of the University of Cambodia and Secretary of State in the Ministry of Foreign Affairs and International Cooperation.

KAO: Yes.

MUKHERJEE: Dr. Hourn if I could start by asking you to provide an introduction of yourself and your background.

KAO: *Well, I consider myself as an American- trained educated person because all my formal education was done in the US from high school up all the way to the PhD program. Since I returned to Cambodia in January 1993, I have been working in Phnom Penh in various positions of the government. Today, I wear several hats as the President of the University of Cambodia. I was the founder. Currently, I'm the Secretary of State for the Ministry of Foreign Affairs and International Cooperation for my second term. Previously, I was advisor to the Ministry of Foreign Affairs. I used to serve as a member of the Supreme National Council for one term, and now am rejoining it. In addition to serving as a personal advisor to the prime minister, I'm the vice chairman of the Board of Directors of South East Asia Television and South East Asia Radio, and serve as its president.*

But really my long-term goal is to build up the university, while at the same time, try to do my best to contribute to the institutional development of the government, particularly in the area of foreign policy. I've been known, to some extent as "Mr. ASEAN" for Cambodia, this is my strength and another is to fully support the full integration of Cambodians in order to insure that Cambodia has a regional role. At the same time, of course, my long-term hobby is to build a stronger and better younger generation of Cambodians who will make a difference to the future of this country.

MUKHERJEE: You have, in the course of your time here, set up a number of important institutions. Could we talk a little bit about those?

KAO: *Yes, and I must say, I want to express my sincere appreciation to the Asia Foundation which initially provided the grant for me to do research in Cambodia and, of course, led to my return to Cambodia back in January 1993. At the time I was with a friend from the US and we set up a think tank and named it after the former king who basically was the father of what we call the Sihanouk Academy. At the time, I was the second person in charge.*

One of the projects started back then and continuing today is the CPATP, the Cambodian Public Accountability and Transparency Project. The idea at the time was to start looking ahead at the issue of governance. Back in 1993, through the UNTAC era, during the period of the UN Transitional Authority in Cambodia period, people were focused on peace and security and stability, on getting a transition and moving ahead on rehabilitation. But as someone who was working at the think tank, the issue of good governance was important, was something that we had to plan for during the UNTAC period. We tried very hard to get sponsors from the World Bank, the Asia Development Bank and others. They were not interested in governance at the time. I was disappointed, but I was able to talk to the US Ambassador, at the time Ambassador Charles Twining, who was very eager to help and we were able to get funding from USAID (U.S. Agency for International Development). Of course, USAID could not fund directly. It had to go through an American NGO, the Asia Foundation. We were able to work with Mr. Calvin Kleins who was the country representative for the Asia

Foundation. He was a very good man. The Asia Foundation believed in what we were trying to do and I think that was how we got that project funded.

I left after almost one year. I decided that I wanted to move on, but I left behind a very important project with someone else. That project was eventually taken over by my very good friend, Pok Than. Later, he went on to set up his own NGO called Center for Social Development. Today, this project continues on and perhaps with some modification changes, the project still survives.

I moved on to work for another think tank, which, at the time, was still on paper called the Cambodian Institute for Cooperation and Peace, CICP. I met with the Board of Directors and they recruited me and said, "All right, you have one room, one table, two chairs, one fax machine, you take care". From there I was able to transform CICP into not just a think tank in Cambodia but also a think tank that's part of the regional network of the ASEAN Institute of Strategic and International Studies called ASEAN-ISIS. ASEAN-ISIS is basically a network of top think tanks in the region. We worked to fill a niche at the time. We had to do something to first, completely end world isolation and second, support full integration in this country into the regional and the global community. That was the overall rationale and the goal of this institute. We worked with the German foundation, the Friedrich Ebert-Stiftung, and they were pioneering, they were fully supporting us.

It was not easy. Cambodia was very polarized politically because of the different political parties. As someone who had never joined a political party, I had to walk a fine line, a tight rope, politically, in order to balance between the different interests, because the objective of the think tank was to survive politically and to play a pivotal role trying to address issues of vital importance to Cambodia while, at the same time, not be seen as a threat to the ruling authorities. What was important for Cambodia was that we work among the competing interests and try to look ahead at what the issues are that will be affecting the national interest of Cambodia. Basically, ASEAN is something that all political parties were in favor of. Now, we're looking at other issues ranging from military reform to other reform issues on the agenda for Cambodia.

Sometimes it's not easy. For example, in 1997, Cambodia was already scheduled to become a full member of the Association of Southeast Asian Nations, ASEAN. Then we had the brief fighting in early July of that year. We had two political parties then, one party was in favor of going ahead and joining ASEAN and the other one said that because of this fighting, we should not join ASEAN, so it tried to lobby the other members to block the entry into ASEAN.

Now, of course, what was the position of the think tank? Should we support Cambodia joining ASEAN or should we support the other position? These were the kinds of difficult decisions we had to make. Where do we stand? What position do we take? Before, everyone was supporting full integration, but now it is a different picture. As a think tank it was not easy. Sometimes we had to make difficult decisions, difficult choices, for example, on the issue of military reform.

We had already used some ideas from the World Bank. The World Bank claimed fantastic success stories in Africa and Latin America that could be transported and planted in Cambodia and blah, blah, blah. We warned them that no two countries are alike. Here maybe, it's a different context. They have to understand the local realities. And then, of course, later on, they boycotted us and we had to take a position. The position that we had taken sometimes was not in line with those in power. But, I think we were able to overcome such difficult challenges and we moved on.

I was trying to build up CICIP (Cambodian Institute for Cooperation and Peace) from ground zero. I worked with CICIP for ten years, to build it up from one room, one table, two chairs, to have its own place, its own property, its own building and all of that. Then I, as the highest paid executive for ten years, stepped down in 2003 as the executive director and moved on.

Before that I was also trying to setup a university, the University of Cambodia. When I returned in 1993, my passion was to teach, although I did not hold a PhD yet and was still working on my dissertation. But I wanted to share something. I was not given a class. That was kind of a blow, but I kept inside me that someday I would setup a school. This seed of an idea grew over time and in 2002, this had become a strong desire. I met with a number of Cambodian intellectuals trying to get reactions, feedback and all that, and in this world there are only two kinds of jobs, either I work for myself or I work for somebody. So why don't I work for myself? I will setup my own university". That's how this all started, and then I had to mobilize the intellectual support for the whole idea.

I was fortunate to meet my very dear brother from Japan who gave me all his full support. He was considered a co-founder and he became the chancellor and we set up, built up, this university. We are now into our seventh year and it's getting stronger and better all the time. In fact, we will move to a new campus before too long.

First, I had tried to build an academy from scratch and the academy later on collapsed, but the project I started went on and still survived in another institution called the Center for Social Development and is where I put all my energy and priority and it's growing. So in a way I'm one of the institutional builders for the region and of course at the same time, I love what I do. I just don't have enough time to do what I do. And I have so much energy, so much passion for what I do. I enjoy it because I'm happy to see students of this country learning something. After their graduation they go on, they contribute to the society and to the world. There's nothing that makes me happier then to see younger Cambodians coming in here and then walk out a better person and an asset for the Cambodian society. That's what I think is the most satisfaction I've had.

MUKHERJEE: Since when did you start working for the government and what motivated you to join the civil service?

KAO: *I did not really join. Some of my friends would say, "Kao Hourn, you never really joined the government, because you did not start at the bottom and move up. You parachuted in". So I think I can say that I joined the government at the right time and for the right reasons. When I was in the US, I was studying the history and politics of this region. My two Masters degrees were in Southeast Asian Studies. Then when I came here and started to work with ASEAN and write foreign policy everything I learned was already there.*

When the deputy prime minister, at the time the senior minister in the Ministry of Foreign Affairs invited me to his office and asked, "Why don't you support the government and help the Ministry of Foreign Affairs? Become an advisor and you can play a crucial role". I had no hesitation I said, "Yes I would be happy to make a contribution. What I can do?" That's how I moved in.

When I started working in ASEAN, Cambodia was preparing to take over the chairmanship of ASEAN and to host the ASEAN summit. The Chair had to assume the responsibilities for all the meetings.

As I said, I was also playing an advisory role to the foreign minister, or as a member to the Supreme National Council. Again still in an “advisory position” and I loved it, because as someone who was trained in academics in the US, I wanted to provide my ideas. Whether they were relevant, practical, useful, it was up to them to decide, but at least I could help think through some of the issues. And that’s what I wanted to do.

Of course now, I go beyond that more or less. I’ve been playing an active role in ASEAN, because I served as the senior official leader for Cambodia in charge of ASEAN affairs since 2001 and I just stepped down in late September of this year.

Basically ASEAN is comprised of a senior official from the Ministry of Foreign Affairs of all the ten ASEAN member states. Each group comes to a SOM (Senior Officials Meeting) meeting and they basically do most of the so-called dirty work. All the issues that are sensitive or political, they debate, discuss openly, negotiate and then they pass on the collective opinion to the foreign minister of ASEAN and then to the leaders. This is the group where they try to clear the deck and that’s what we did. We did a lot of work at that level.

One of the roles that I played, where I really appreciated the responsibility, was that I was asked to be the representative of Cambodia in the negotiation for the ASEAN charter. You know, the charter of the regional organization really begins a new era for ASEAN. I was given the responsibility to represent Cambodia as one of the ten negotiators, a member of the high level Task Force to draft the ASEAN charter. Now ASEAN has become a legal, rule based organization. Negotiating with all the ASEAN member states was not that simple, because we all fight for our different interests. But at the end of the day, we had to come to terms with what is a collective ASEAN interest, and that was really one year of an on-going discussion. Some times at night, we’d still be arguing for our position, but at the end of the day, we delivered a product. We delivered what we were asked to do by the ASEAN partners and by the ASEAN leaders. That’s what we have now, an ASEAN charter. So I was quite happy that I represented Cambodia in that regard.

MUKHERJEE: Going back now, a little bit into the 1990’s, a little bit of history. I’ll ask you to put on your academic hat. You talked a little bit about the, sort of, the importance of human resources. When the post-1993 government came into power there was a huge lack of trained people to do the work of government. What kinds of policies did the government engage in to build capacity or where did the human resources come from?

KAO: *Well, you have to understand the background of Cambodia. Cambodia suffered from a long period of civil war and foreign intervention, second, an extended period of international isolation. Third, and this is a key factor, the genocide by Khmer Rouge, when this country lost so many intellectuals and human power. The society in the ‘80s and ‘90s was essentially a byproduct of that. The society belonged to what we had left behind, what was left behind as a result of war, international sanctions, isolation and of course genocide. So that’s what we had.*

In the early 1990s, the state of Cambodia was trying to build up the infrastructure as much as possible. That’s why the so-called “existing administrative structures,” a term used by UNTAC, at the time, was an attempt to neutralize the existing administrative structures in Cambodia. But at the same time, of course, to open up Cambodia, you needed a lot more human resources. Cambodians had returned from overseas. International experts were coming in, consultants,

and so on and so forth. That was then. I think over time and particularly after 1993 to 1998, things started to move along. I must say that the most pressing issue at the time was to insure political stability, peace and security for the country so that the country could focus on the priority of development.

Today, we have the current prime minister who basically ended the Cambodian conflict, practically ended the Khmer Rouge, through what he call, “ a win-win policy”, not firing a single bullet, but fully integrating the former Khmer Rouge into the Cambodian society. By doing that, 1998 brought a new era to Cambodia, because between 1421 to 1998 Cambodia was never under one leadership, the country had always been contested by different factions. For example, from 1993 to 1998, the Khmer Rouge had their strongholds and challenged the government all the time. Because the UN could not bring about the complete demise of Khmer Rouge, the demise of the Khmer Rouge basically was brought about by the win-win policy of Prime Minister Hun Sen, Sandech Hun Sen.

You know, you couldn't imagine in this country that you could travel anywhere throughout the country twenty-four hours a day without fear of the security. Like right now, you go to the Philippines and you go to shopping malls, hotels, they check you for security. Indonesia, too, even Thailand. Cambodia? No. It would be unthinkable because of this peace, stability, and security. Now we can focus on the priority of today that is on development and reform enabling us to catch up with other countries in the region through the narrowing development gap, through capacity and human resource development.

But, the determining factor for development is going to be the people. That's why the prime minister of this country and the government, is focused so much on building quality human resources. That's why every time we talk about a graduation, we talk about how can this society can move on with more developed human resources. That's one of the reasons why, here, at the University of Cambodia, we want to make a positive contribution in this regard.

MUKHERJEE: Could you elaborate a little bit about—you just mentioned the win-win policy. Could you elaborate a little bit on that?

KAO: *The win-win policy is a policy of Prime Minister Samdech Hun Sen, who believed that the best way to fully integrate Cambodia and to end the Khmer Rouge was only through integration. Bring them in. No more should we use of the military to try to capture the stronghold of Khmer Rouge. Without creating any mistrust of the Khmer Rouge, “ All right, you control an area. That's fine. You can continue to control that area. No problem, but you have to change your uniform. All your troops must switch and put on the government uniform. You have to respect the law, the policy of the government”. Overtime, everything was transformed. The whole idea was that it's not really to challenge the Khmer Rouge so much, but to bring their own demise by transforming them.*

Through this policy the government was able, I think the Prime Minister, was able to insure that the ex-top Khmer Rouge leaders were staying in certain places, and one day the UN tribunal on the Khmer Rouge took place. We knew who to invite to come to court. They could not escape, you see. So it was a very smart policy, because if we continued the fighting, this issue of insecurity, conflict and war would still go on. But there was not a single shot of a gun. There's no firing at all. And at the same time, the government knew where the ex-top Khmer leaders were, and because they knew where they were they had a way to be brought to the court.

One of the most challenging questions of the time was you could set up a court, these special chambers, but could you bring in the ex-Khmer Rouge leaders to court. Who would bring them to court? Where are they going to stay? These kinds of questions were already resolved because of the prime minister's integration and his win-win policy. That people were able to come up with this policy to win the hearts and minds of the hardcore Khmer Rouge element. There's no way you could win by bullets, but only through the heart and mind.

MUKHERJEE: What kind of settlement package were the leaders afforded to reintegrate back into society? What was the policy on that?

KAO: *It was not really a package but basically, it was to build more infrastructure, linking up roads, bridges, making sure that they would be given regular training, seminars, and making sure they understood the policy, the laws that are now existing. So in a way they were not isolated, they were not outcast, they were not treated differently. They were treated the same, and I think, over time, trust was able to build. Trust was the most important commodity, I think. Do they trust the government? Yes, because the government trusted them. I think that was really the key word, the most decisive factor, they were able to trust the government.*

MUKHERJEE: Were any of the senior leaders of the Khmer Rouge offered any positions in the government as an incentive to—?

KAO: *Only the lower echelon that were in charge of a district. Right now one of the bodyguards of Pol Pot, because his area is now made into a province, is now a governor. But I think he's really at a lower rank, and I think for anyone, there could be circumstances, or other reasons.*

We tried to be gentle about this. It was a policy from the top, you know. The idea is let's go for those who were highly irresponsible, the top echelon of the Khmer Rouge leadership. That's what we should focus on. And I'm happy that our government was focusing on that, because if you start including the lower levels that would be a big mistake. Right now there are elements at the court who want to lower the net. They want to make sure that the net captures everyone. I think it would be a big mistake, because you don't want to unravel what has been a difficult process of building peace, building political stability and security in this country: what we have done. I think it's quite important and that's why we need to close this chapter as soon as possible and move on. Cambodia cannot be spending all its time, its priorities on the past.

MUKHERJEE: So, in reintegrating the Khmer Rouge and building up the institutions as a result and creating peace, was there any concern that now that you've given a position of, say, district head or district chief to somebody, later on if you try to remove them that they might go back to a more conflictual position with the government?

KAO: *No, no, I don't think there is a policy in removal. But there is an overall administrative policy. Everyone, regardless of his political background or whatever background, reaches an age and steps down, retires. It's normal. I think they would be asked to come to the capital for training and all of that like everybody else, regardless of where they are and where they come from. I don't think the government has any policy of discrimination. The same policy applies to all.*

MUKHERJEE: So, moving beyond the 1990's now, the objective in the 1990's, between '93 and '98 was to create peace and stability. After 1998 how did the main priorities of the

government change now that peace had been achieved? What were the priorities then for estate building?

KAO: For Cambodia I think the overall priority was to reduce poverty. Fighting poverty, combating poverty was one of the most important priorities for the country. I think the government was right, because we don't want to see any Cambodian going hungry. No one should be going hungry in this country, because during the Khmer Rouge era we knew what starvation was like. We know what it really means. So I think what we were trying to do is to focus on the people. That's is one of the most important things.

Second, I think, is to build a society, so that everyone is part of the society by building infrastructure, linking provinces and rural areas to the city. That's really quite important, particularly infrastructure and infrastructure development, roads, bridges, hospitals, schools, electricity, clean water. All of that was basically top priority. I think people were quite happy.

I think even more recently, IRI, the International Republican Institute did a survey and asked what people think about the country. Is this country going in the right direction? A large majority of them, more than 70-80% thought that the country was in the right direction, because they believe the government is doing the right thing in trying to reduce poverty, build infrastructure. People don't have to travel for many hours from the capital to the countryside. Trying to bring in food into the capital is very difficult. They travel a long way. Their travel time has been cut back, transportation costs have been reduced.

Also, what is important is that the focus also is on exports. We believe in this basic fundamental that exports create jobs. Imports lose jobs. The idea is to export as much as possible to provide jobs. That's why the textile garment sector was able to grow. 100,000 workers are able to work in factories earning a living.

At the same time the priority is still to reduce poverty and build the agriculture sector. Trying to upgrade the irrigation system was also a top priority for the government, because if Cambodians have access to water, they can do so much all year round. Water is important to Cambodian farmers. Another thing that the government is trying to do is to invest heavily in the irrigation systems to make sure that the farmers are able to plant rice more than just one time per year, maybe twice or three times a year, trying to increase the yield. That's why in the past four or five years you've seen that Cambodia has been able to export rice once again. From a rice deficit during the period of conflict, to rice exporting: a rice surplus. We went back to the position that Cambodia was in, in the 60's. That is a remarkable policy.

Also that's why during this economic and financial crisis, even when the UK-based intelligence unit thought there would be political unrest and that Cambodia was highly unstable, this so-called Ivory Tower analysis didn't understand the realities on the ground. Yes, people go back to the countryside. They have their family structure there, agriculture is strong and they can be absorbed.

MUKHERJEE: In terms of building up the administration, strengthening the institutions of the state to be able to govern better, what has the government focused on since that period?

KAO: Well, as you know, I think there is some degree of truth that there was a civil society operating in this country in the '80s and '90s because the argument was that the whole state was changing. Before the notion of state evolved, it was

always limited because of sanctions, because of war. The priority was not there. So civil society assumed responsibility, but over time it changed. The State was able to develop institutions and then also get the civil service to move in. We have been able to lay down a legal foundation. You can go back and see how many laws the parliament has passed since '93. it's a lot. Before that, there was a legal vacuum to some degree. That was also a fill-in-the-gap. Old laws were replaced with new ones that are more relevant.

Second, public administration. We were able to control better through the payroll, for example, a clear division of labor and responsibilities. Who is in charge of what, which ministry is doing what. So really there is a clear division of labor. I'll just give one particular example. Cambodia, before the war, had no culture of paying taxes. I mean collecting taxes from people is not easy for any society. So what is important here is building the institution and mentality so that we are able to collect revenues for the government. It is one of the most challenging tasks of the day for the government. But over time the government has been able to do that now. Every year tax collection increases. It's good, it's getting better all the time.

If we are able to establish rules and regulations and laws, to get more people, everyone here, to pay taxes, it is a good thing. The administration being able to pay taxes is one important example. Also, the ability to reduce leakage is also important. You collect more, but reducing the potential leakage is also quite important. As I say they have been working very hard to do that and it has not been easy.

At the same time, reform is cutting a big armed forces down to a sizable armed forces is not easy. What do you do with the soldiers? During a time of war, you need them; during a time of peace, you send them away. There is a moral and social and political responsibility for the government. So to demobilize them over a period of time is a responsibility of society as a whole, that's the government. We have to make sure that we retrain the soldiers before they are asked to give up their jobs as soldiers and go back and become useful to society. So that is also a big responsibility, too. To integrate all the factional forces of the early 1990s, to build a modern, professional armed forces, and also to reduce the number, reduce the ranks, was a big challenge but I think they were able to do that.

Even Han Sen stepped down, as real leadership now takes over control of the military. That is good because for a democratic state, that is what you need, civilian leadership over the military. It is the same thing in the sector of the police. Again, another reform of the police sector, too.

So in every sector there is a need for entirely new institutions. Other institutions that have been here for some time need to reform. So really, we're not just doing it for ourselves here in Cambodia, we're trying to harmonize what we do here at the regional and global level, because we joined with ASEAN. So everything we do here must harmonize with the rest, so our integration can be seen as a positive pressure for reform. What we do here is the same as the university. Our degrees eventually have to be compatible with the rest in the region. Our credits, our courses will be transferred somewhere else. So whatever we do here must be of the same value.

Cambodia has come a long way in a short period of time despite the incredible challenges of the past. People always compare Cambodia to Malaysia, to Singapore, to Thailand. They often forget where we were. We are always

compared with those guys and I think they must say, "Wow, this is good that Cambodia is being put in the same context". But they often forget our history.

MUKHERJEE: On the issue of the reintegration of factions from the mid 1990s, what are the major challenges in doing that, because there were quite a few political factions.

KAO: *Number one, everyone would like to inflate the number. If I have X number they say I have Y number. If we have many top ranking officials, I have also X number top ranking, too. So when you integrate the two together, my goodness, I shouldn't say it, but there are a lot of chiefs but not many Indians.*

MUKHERJEE: So has the government tried to now move away from that?

KAO: *Oh yes. The prime service was to be able to move away, to reform this, with speed. We don't have a lot of time. That was done incredibly well because integrating forces of different factions and trying to create one single armed force was not easy, but this government did it. Now we're sending blue helmets (UN personnel), our blue helmets to Sudan. We have de-mining experts and a UN peacekeeping operation. We're just about to send more to Chad and the Central African Republic. This is our international role now as well.*

Just yesterday, we were voted as a member of the World Heritage Committee for the first time. We never had been part of this committee since the first day at the UN.

MUKHERJEE: So on that point of integration, you mentioned that you were deeply involved in the ASEAN, Cambodia's integration into ASEAN. What were the kinds of requirements that Cambodia fulfilled before it could join the ASEAN? Were there any domestic changes that you had to pilot and make sure they took place?

KAO: *Well, you know, we were contacted to join ASEAN, we agreed with what ASEAN had been doing since '67. We were required to set up our embassies in all the ASEAN capitals. We made our annual contribution to ASEAN. We agreed to all the rules and regulations, for example, we must attend all ASEAN meetings. The agreement is that any ASEAN meeting you don't attend, you automatically agree to whatever was agreed at the meetings. But in a way I think we play an important role in ASEAN. I must say that we have been doing what we have been supposed to do and we have an equal footing in this regional organization.*

Look at ASEAN today. Prime Minister Hun Sen, he is the longest-serving, democratically-elected leader in ASEAN. I cannot say the longest-serving leader would be the Sultan of Brunei, because I say democratically elected.

MUKHERJEE: So in the realm of domestic reforms, what would you say have been the biggest successes, to date? Looking back over the last fifteen, sixteen years that you have been in Cambodia, what have been the biggest successes?

KAO: *Number one, liberalization of many different policies, for example, in education. Before it was basically all state-run institutions, all state-run universities and schools. The prime minister said, "No, Let's open them up." He knew where to open them, "Let's liberalize the education sector". The private sector welcomed the opportunity to compete and to improve the quality. That's why today you see schools, from university to kindergarten, former private schools, offered to the people of this country. I think this is really a successful policy, because both public and private schools and universities, are allowed to compete, and it is good. Competition improves quality. Competition tends to bring down the price. I*

think that is very healthy. And of course competition offers more choices. I think this has really been important policy.

The other example is the Open Sky policy. The prime minister was criticized initially for initiating an Open Sky policy. I think it is successful because now tourists don't have to fly to Phnom Penh they can fly direct to Siem Reap. We are bringing more tourists into Cambodia than ever before. The number of tourists arriving increases annually despite economic difficulties globally. That is good because the more people come, the more economic opportunities for the society as a whole.

Another successful policy is the integration policy of this government, that Cambodia is fully integrated, in the regional and global community. We work with everyone. We must connect our economy with the big economy. Cambodia is not an island to itself, we have to link up our structures with neighboring countries by roads, by rails, by air links or ICT (information and communication technologies), or whatever. I think that's why the vision of the leaders of this country is to link Cambodia with the rest of the region. The integration policy is one of the most successful policies of Cambodia today.

Let's go on to other sectors. In the legislative area, we're trying to fill the vacuum where there had been no policy and no legislation before. The same thing in the banking sector where now there are more banks in Cambodia offering more banking services, financial services to the people. It's good. It brings down the interest rates, so that's even better, before the interest rate was quite high. So I think something is working in this area as well.

Now, we're trying to improve service delivery to the people. The ability to provide more services to the people is really important. We're expanding our services in electricity, in clean water, in sanitation, in literacy to more people. The same thing right now, in formal education. There are more schools being built, there are more teachers in classrooms today, before students enrolled had to walk a long distance just to go to school.

So I think in every area we can see that there is improvement. That's why all this improvement translates into one thing, more votes for the ruling party because the ruling party is in control, is in power. They did more work. It means people enjoy seeing what they have done so it translates into more votes. That's why in 2008 the ruling party was able to win more than 2/3 majority votes and just put two candidates more up for election.

MUKHERJEE: Are there any areas that come to your mind where the government has not been as successful as it would have hoped to be?

KAO: *Well, of course, I would just say that there are many areas where the government hasn't been very successful. But of course these are areas where the government continues to try and improve. For example, combating poverty is not a short-term policy. Bringing down the number of people who are surviving on very little income has been a top priority. The government is always trying to do more in this area.*

Second, Cambodia could produce even more rice and more cash crops in the area of agriculture. That would be an improvement. In the educational area, of course, we could introduce more quality. The government needs to build more schools because even though thousands of schools have been built over time, there are still more needed. We need to do more to create more jobs. That is

always the priority of the government, bring more investment to the country, so more jobs will be created. It is always the task.

We could improve the civil services by paying more. It always has been the top priority of the government to pay more to state employees. I think the whole idea is we have done a lot in the past twenty years and even better in the past ten years, but we still need to do more to build a modern state in Cambodia. That is what this government is trying to do. For every mandate in five years, we need to improve as much as possible in all areas. And we will move on, try to do more. If you look at Cambodia today, there are a lot of changes and transformation in society as a whole. It is as even the prime minister of Singapore recently said at the East Asian Summit, "They made a lot of progress". So people come and see our society and they see there is a lot of progress. But yes, there is a lot we need to do more.

Poverty is one area, human resource development is one area, continuing to improve governance is another area, delivery of services should continue to be improved. So again it depends on what you want to look at. Certainly there are a lot of things we can do. It is an endless process.

Every time I visit the US, wherever I travel there is always construction all the time. They are always repairing this road or paving a new road or whatever. There is always ongoing change. I use that as an analogy. The government, the state is always in a state of reforming, doing new things but reforming the old things and changing all the time. It's not static, everything is evolving. So Cambodia is like other states in this region, always evolving in terms of development, in terms of progress, in terms of catching up, but also building a modern state that will serve the needs and interest of the society as a whole.

MUKHERJEE: Thank you very much.

KAO: You're welcome.