

The coalition agreement and the apparent final demise of the Maoist Khmer Rouge guerrilla movement mean that the country is enjoying real peace for the first time in three decades. But the surrender of most of the surviving members of its top leadership has once again focussed attention on bringing to justice those behind the atrocities of the movement's 1975-79 rule. The government is caught between the need for peace and reconciliation on the one hand and the desire of the Cambodian people for justice and a statement against impunity on the other. Cambodia needs to get to grips with its past while establishing a foundation for a stable future.

In many ways the chances for success are greater than in 1993, when FUNCINPEC and CPP first tried working together, as there will only be one premier, a political platform has been agreed on before and officials are more experienced. Moreover, Cambodia should have a true parliamentary opposition for the first time in its modern history.

In the final section of this report, ICG sets out a number of specific areas where action by the new coalition government is most urgent. In particular, the report calls on the government to:

- **Break the cycle of impunity** by arresting and bringing to justice the veteran leaders of the Khmer Rouge as well as perpetrators of recent political violence;
- **Take Cambodia's democratisation process forward** by stepping up preparations for crucial local elections due this year; and
- **Reform public finances** by boosting internal revenue and shifting public expenditure away from the military and police in favour of under-funded socio-economic sectors such as education, health, agriculture and judicial reform.

The international donor community, meanwhile, should **maintain maximum pressure on the government in Phnom Penh to tackle the country's deep-rooted problems and deliver on its election promises**. Donors should wait until the coalition seems to be working well before rushing in with new offers of assistance. The release of future development aid should be tied to the achievement of specific policy objectives and the provision of funds paced to match the speed with which the government acts to meet its commitments.

Democracy has been given a second chance in Cambodia and all sides must be aware that this could be their last opportunity to move the country forward with the continuing blessing and assistance of the international community, which has invested vast financial and human resources into the country over the past decade.