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**USAID/Cambodia Action Plan**  
Fiscal Years 1995 to 1997

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## **I. Introduction and Program History**

Cambodia is one of the world's poorest nations with social and economic indicators below most African countries. Since World War II, Cambodia has been torn by strife and civil war. The country was a major battlefield and staging ground during the wars in Indochina, particularly beginning in the late 1960s as the Vietnam War began to spill over into Cambodia, eventually engulfing it. Riding the wave of revolution, the Khmer Rouge seized power in 1975. The Khmer Rouge imposed a brutal regime under which more than a million Cambodians died from execution or starvation. In addition, the Khmer Rouge abolished money, property, and family structures, and cut all communications with the outside world. In 1978-1979, Vietnam invaded, driving the Khmer Rouge back along the border with Thailand. A Vietnamese-supported regime took over the government, backed by Vietnamese troops, the latter withdrawing in 1989. At that time a process began that culminated in 1991 with a peace settlement among the four competing factions and establishment of a Supreme National Council (SNC) as the embodiment of national sovereignty. The United Nations Transitional Authority in Cambodia (UNTAC) played an unprecedented peacekeeping role during the period leading up to the election and eventual installation of the RCG in 1993. Although the Khmer Rouge signed the Peace Accord, they later withdrew their support for the elections and did not participate in the widely-supported free and fair election of May 1993. The elected representatives established a National Assembly which in turn promulgated a new constitution. The Royal Cambodian Government (RCG) was formed in September 1993 to take over all aspects of governance.

The RCG is a coalition of the former political and military adversaries that participated in the elections. Political feuding continues both within and among the parties in the government. These parties are not well developed as institutions. The parties continue to compete for political power and economic gain. The unified military, composed of soldiers from all of the factions which participated in the elections, is underpaid and lacks traditional military discipline. Corruption is widespread and, combined with the present low capacity of the government to govern, increases the threat of destabilization. The Khmer Rouge continue to fight to regain control of Cambodia and reimpose their philosophies of governance.

Cambodia has weak democratic traditions. The systematic extermination or emigration of virtually all educated Cambodians, coupled with the deliberate destruction of the national education system, leaves an extremely small skill base on which government and private enterprise can operate. The conflict has left an estimated 10 million landmines scattered in areas around the country, and various combatants continue to lay new landmines. These mines cause approximately 300 casualties a month.

Since the expulsion of the Khmer Rouge from power in 1979, USAID's assistance to the Cambodian people has taken a circuitous course. In 1986, USAID initiated humanitarian support for two non-communist groups in northwestern Cambodia. USAID's non-lethal assistance to these groups included the provision of medical equipment and supplies, transportation, food, and training to support community development and health care. This cross-border effort was administered from the Office of Khmer Affairs (O/KA) in Bangkok.

With the signing of the Paris Peace Accords in 1991, the USAID program shifted towards a more traditional one that provided humanitarian and reconstruction assistance. At the start of this new phase of the program, USAID worked to meet the basic human needs of people throughout Cambodia. The Office of the AID Representative to Cambodia (OAR) was not established until May 1992, at which time it took the responsibility for USAID's activities in Cambodia from the O/KA. Between 1991 and 1993, USAID's objective was to support the Paris Peace Accords and the UNTAC. USAID's efforts were closely tied to UNTAC's nation-building and election efforts. Prior to May 1993, the U.S. and Cambodia had no bilateral relations. Not until September 1993 did the U.S. officially recognize and reestablish diplomatic relations with Cambodia. This highly unusual situation led USAID to implement its program almost exclusively through private voluntary organizations (PVOs), non-governmental organizations (NGOs), and international organizations (IOs). Only a limited amount of assistance was delivered through private contractors. No assistance was provided bilaterally through a government.

## **II. Program Strategy Update and Action Plan Summary**

### **The Evolving Nature of USAID/Cambodia**

The mandate, staffing, and structure of USAID/Cambodia has been continually evolving since the Mission began operations in 1993. Whereas the Mission was created--at the behest of Congress and the State Department--to continue and expand nationwide an array of emergency activities begun under the Office of Khmer Affairs (O/KA), the program is now in a period of transition, evolving into one that is addressing the more long-term sustainable development needs of Cambodia. The historical and projected resource levels, averaging over \$37 million per annum since 1992 (and likely to continue at these levels in 1996 and 1997), the small staff (increased from three to five USDH during the fourth quarter FY 94), the nature of the funding (e.g., earmarks), and the continued high-profile political context have shaped the nature of this young program.

The initial thrust of the program was to provide short-term assistance to rural areas, to help develop a working government, and assist in preparations for elections. While appropriate for the emergency needs that existed at the time, the program was heavily reliant on PVOs and was in large part dependent upon the capacities and programs of the PVOs, with USAID playing more of a facilitating than a leadership role. The program over the 1992-93 period was successful in providing funding for a number of health and rural development interventions and supporting the successful election outcome.

Beginning in 1994, the Mission program began a subtle change of direction as activities of existing projects such as Technical Support and Democratic Initiatives began to assume a more developmental and institution-building character. This change of direction has accelerated in 1995 with the design of Primary Education, Family Health and Birth Spacing, and Environmental Management projects plus the increased focusing of activities in the Democratic Initiatives project.

This change in direction has implications for the organization and staffing of the Mission. While there continue to be emergency needs, and while the Mission envisions a continued close partnership with the PVO community, USAID's staff resources must be more efficiently utilized than present to focus more on providing strategic direction to USAID's significant development program. As one of the lead donors in Cambodia, care must be taken to ensure that USAID does not squander the opportunity to play a critical leadership role as Cambodia's developmental landscape evolves and matures. Thus, a focusing of program activities, program outcomes, and staff resources in tandem with improving critical on-site analytical, implementation support, and program impact monitoring and evaluation functions, is a recurring theme throughout this Action Plan. By taking this approach, the Mission hopes to free up scarce USDH staff time to provide strategic leadership in the various sectors in which USAID is active.

As USAID/Cambodia's program matures and evolves, the Mission will coordinate and work increasingly closely with the RCG. Whereas in the past programming was sometimes done outside of government channels, current project planning has taken a significant step insofar as it is now being done in close coordination with the relevant RCG technical ministries. However, because of weaknesses within these fledgling ministries--in addition to the RCG's incapacity to contribute financially to our development efforts for the foreseeable future--USAID/Cambodia does not anticipate radical changes in the way it manages and implements its development program. Specifically, there will be continued heavy reliance on relatively management un-intensive grants (including cooperative agreements) to U.S. and indigenous PVOs and NGOs. USAID/Cambodia's role, in effect, will remain that of a "wholesaler" while our NGO partners carry out the "hands-on" retail function. To a lesser degree, where provision of assistance through acquisition instruments is more appropriate. USAID/Cambodia will use more management-intensive direct contracts. No host country contracting nor direct programming through RCG ministries is anticipated.

The evolving programmatic relationship between USAID/Cambodia, the RCG, and dozens of NGOs requires both a management plan and sufficient USAID/Cambodia staff to ensure adequate oversight and accountability of the work of our development partners. Although there will not be direct assistance to the RCG in every area, RCG employees will be among the primary beneficiaries of USAID projects, notably through NGO-run training programs. The building of the RCG's capacities is integral to every aspect of USAID/Cambodia's program. Assisting Cambodians in their struggle to govern themselves is a cross-cutting theme throughout the program.

As the RCG's capacities improve, there may be opportunities to transfer to it additional aspects of program planning and project implementation. However, in order for this to happen, appropriate checks and balances would have to be in place to ensure that financial and programmatic vulnerabilities were minimized. For the Action Plan period, the transfer of significant project management and implementation responsibilities is not foreseen.

## **Program Activities and Updated Objective Tree**

USAID/Cambodia's strategy is built on three objectives:

- strengthening the institutions of democratic governance;
- promoting sustainable economic growth; and
- increasing access to basic family services.

In meeting these objectives, USAID/Cambodia will continue to invest in the following activities:

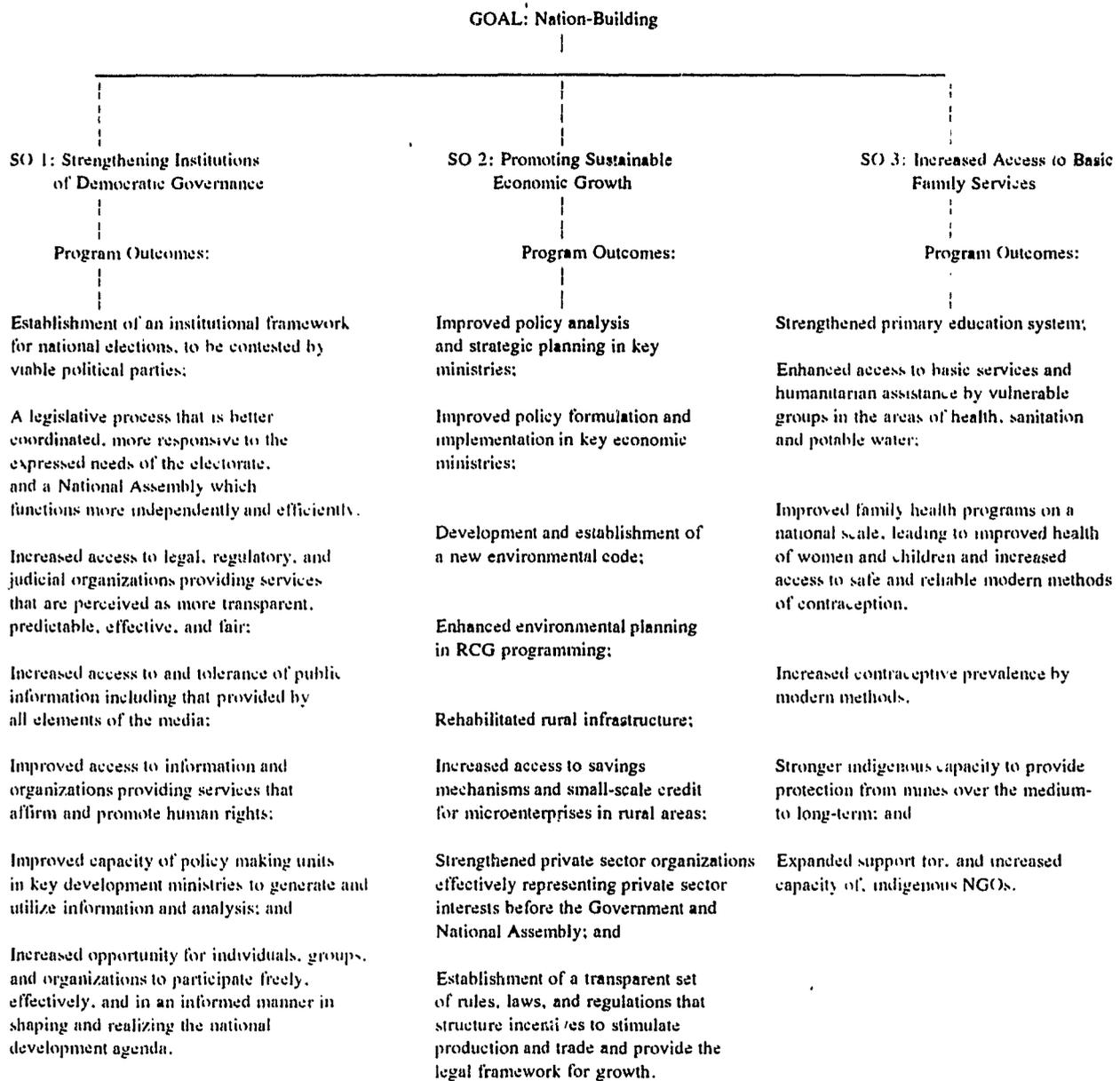
- co-financing of PVO activities to address basic family services in health, vocational education, community development, rural savings and microenterprise credit, care for displaced children and orphans, prosthetics and demining;
- democratic and governance initiatives to support better governance and help create the conditions for economic and political institutions (including the National Assembly and public interest NGOs) to function better;
- technical support to improve government's analytic capability and policy making; and
- emergency rural road repair to link economic growth centers.

In addition, during the period of this Action Plan, USAID/Cambodia proposes new activities to achieve results in the following areas:

- training and provision of teaching materials for primary school teachers;
- rural roads/infrastructure rehabilitation;
- commodities and training in support of maternal health and birth spacing; and
- technical assistance and training for environmentally-related planning and advocacy.

The Action Plan has been developed taking into account USAID/Cambodia's assessment of Cambodian needs and constraints, the RCG's program to rehabilitate and develop Cambodia, other donor assessments and intentions, lessons learned from neighboring countries which have realized significant growth with equity, and USAID's comparative advantage for delivering project assistance. The objectives and approaches have been discussed with the Embassy, the RCG, other donors, and NGOs operating in Cambodia thereby taking into account a broad view of Cambodia's development needs and the best approaches to address them. The proposed assistance priorities and implementation approaches were selected as most appropriate in the existing Cambodian environment after consideration and rejection of several alternative scenarios. Table 1 lays out the hierarchy of USAID/Cambodia's Assistance Strategy.

**Table 1: Program Objective Tree**



As a result of USAID/Cambodia-supported activities, several tangible outcomes are expected by the end of the Action Plan period: the RCG will have better analytic capacity to establish a framework for growth; the legal, regulatory, and judicial framework will be more transparent and predictable; the major road between the deep-water port and the capital will be repaired, permitting transport of large quantities of goods; rural roads and infrastructure will be brought back into service; the indigenous Cambodian capacity for demining will be

enhanced; training for all 46,000 primary teachers will have begun and educational materials will be provided; key civil servants will receive basic as well as specific job related training<sup>1</sup>; capital will be more widely available for microentrepreneurs; contraceptive prevalence and health status will improve significantly; improved environmental planning will begin and indigenous environmental groups will grow; and basic services in health, birth spacing, education, prosthetics and care of displaced children and orphans will be delivered. The equitable distribution of program benefits to women is of particular importance to USAID/Cambodia and is a common theme throughout the Mission's project portfolio.

### **Program and Project Monitoring and Evaluation**

USAID/Cambodia is exempt from PRISM reporting until FY 98 (see Strategy Approval Cable, Annex C). This exemption is due to unique deficiencies in Cambodian human and physical infrastructure as well as limitations due to USAID/Cambodia's small staff. However, while we are exempt from PRISM reporting we are not exempt from achieving results and reporting on them. In recognition of the importance of program and project output monitoring and reporting, USAID/Cambodia is initiating the development of a program and project implementation monitoring system. Each project will be designed with or amended to include funding for a project monitoring and evaluation component. These resources in turn will be used to finance the establishment of a Program and Project Monitoring Unit in Phnom Penh. This Unit--which will come under the general oversight of the proposed Program, Project Development, Implementation and Monitoring Division--will be staffed by a U.S. contractor that will provide long- and short-term TA to monitor and report on project performance. The results will then be shared with NGOs and Government agencies responsible for or associated with the projects. To maximize the institution-building aspects of the activity to the extent possible, local institutions such as the Cambodian Research and Development Institute (CDRI), the Faculties of Business and Economics, as well as local consulting firms will be utilized to undertake particular analyses. In some instances, such as health and population, extensive utilization will be made of programs in existence and accessible through the Global Bureau Population Center.

The approach will take into account the lack of baseline data and the inability to presently undertake systematic national measurement activities. Priority, at least initially, will be on establishment and utilization of measures of direct project impact which are most useful as a management tool to ensure that the program is being carried out as planned. The Mission is sensitive to the need to disaggregate by gender what data it collects and will require that all analyses disaggregate data unless it is judged as not necessary. The Mission already requires grantees to disaggregate information in their regular reports to the extent they can, and for new projects such as the Primary Education project, collection of gender disaggregated information regarding teachers and primary school students will also be collected.

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<sup>1</sup> Since the program began, over 110,000 Cambodians have participated in USAID-sponsored training programs. Approximately 108,000 more will be trained by the end of the strategy period.

## Resources Required

To implement the activities proposed for achieving its objectives, USAID/Cambodia is requesting approximately \$116.5 million in program funds and \$6.12 million in OE for the Action Plan period 1995-97. USAID/Cambodia will continue to employ mechanisms to minimize the management burden on the small staff in Cambodia (6 USDH positions approved as of the beginning of April 1995). Program implementation will be accomplished through buy-ins, grants, cooperative agreements, and direct USAID contracts, with NGOs assuming a lead role. USAID's current portfolio incorporates a total of over 300 expatriate staff, a number which could double by the end of the Action Plan period. While implementation efficiency is gained from a largely NGO-led program, the USAID management and donor coordination burden is extremely heavy, given the number of discrete management units. To a far greater degree than other USAID Missions, USAID/Cambodia staff compensate for the country's weak skill base in two ways: it must spend more time coordinating donor resources due to the RCG's limited capacity; and much staff time is spent developing the FSN staff through on-the-job training. Finally, the limited Mission staff must rely on the RSM, various offices in USAID/W, and support contracts (e.g., IQCs) for additional technical support, which entails the use of significant staff time to plan for, secure, and manage external resources.

USAID/Cambodia will continue to look to RSM/EA for critical legal, contracting, and financial support services. For technical support in project design, implementation and evaluation, USAID/Cambodia will call on RSM/EA, the Global and ANE Bureaus in Washington, and IQCs, as appropriate.

Direct contracts will be used under the Rural Roads/Infrastructure project and buy-ins to regional and central projects will be used to fund technical assistance under Cambodia's Technical Support and Democratic Initiatives project. Grants and cooperative agreements will be used to implement family planning, democracy and PVO Co-financing activities. USAID/Cambodia will continue to use an umbrella PVO mechanism under a cooperative agreement to award and manage subgrants and to provide training of indigenous NGOs. The family planning project will be implemented through a single umbrella cooperative agreement with an NGO or consortium of NGOs. The Primary Education project anticipates grants or cooperative agreements with one or more NGOs (or a consortium of NGOs); the grantees will work in close coordination with UNICEF, which already has a structure in place to address needs in this sector.

As of April 1995, there are six approved USDH positions, of which five are filled. The sixth has been provisionally identified to be a Supervisory PDO with broad experience in project design/implementation, program planning, monitoring and evaluation, and grants management. A Health IDI has also been identified, although this position will not count against the mission's staffing ceilings. If an FTE is being made available to provide contracting/grants support for USAID/Cambodia's program, Mission believes this position should be assigned to Phnom Penh as a recent Management Bureau review indicated that 1.6

FTE equivalent of contracting support was being provided by RSM/EA for Cambodia's program. This would seem to indicate that an efficient allocation of resources could be achieved by assigning a Contracts Officer to Phnom Penh with RSM/EA providing additional contracting support as required.

The small number of USDH staff has necessitated organizational flexibility and the assignment of multiple tasks to various divisions. For instance, one S/GDO serves as Program Officer and Project Officer for the \$40 million Emergency Roads project; one S/GDO is Project Officer for the \$15 million (to be increased to \$50 million) Democratic Initiatives project, the \$10 million Technical Support project, and the \$20 million Family Health/Birth Spacing project (the health IDI will eventually be the Project Officer for this project); the SPO serves as Project Officer for the \$50 million PVO Co-Financing project and backstops emergency aid and disaster relief; and the PDO is responsible for overall project development and is the Project Officer for the \$30 million Primary Education and \$5 million Environmental Management projects.

Although expedient for the rapidly evolving conditions within the Mission, continuing to operate under such an arrangement does not appear feasible nor desirable. Not only does the system blur staff and line functions (complicating working relationships, inhibiting teamwork, and decreasing accountability for program outcomes), but it also establishes ad hoc assignment of certain tasks as the norm as opposed to the exception. By introducing a staff office that would be responsible for the range of staff functions (e.g., program planning, project development/implementation, and contracting/grants oversight), in addition to impact monitoring and evaluation functions, USAID/Cambodia seeks to streamline and make more efficient its operations. It would also allow existing staff to take a more proactive role in developing and implementing strategic initiatives in the various sectors (e.g., democracy, governance, primary education, and health) where USAID is active.

Creation of a new division within USAID/Cambodia to address these problem areas would appear to be consistent with the ANE Bureau's position that identified vulnerabilities be quickly and efficiently addressed. The ANE Bureau, recognizing that the lack of on-site services creates significant financial vulnerability in the portfolio, has agreed to recruit a PSC Financial Analyst in Cambodia for on-site supervision of grants, cooperative agreements and contracts (the Inspector General had noted that this vulnerability was developing). Given the type of assistance to be provided and the lack of a USDH Controller, USAID anticipates that this person would be located in this new division. Other skill areas to be situated in the new division include general project implementation (e.g., Contracts, general implementation support), program impact monitoring/reporting, and economic analysis. By adding a full-time Contracts Officer to the staff of USAID/Cambodia overall project implementation would be greatly facilitated.<sup>2</sup> By increasing staff in other areas, programming and project

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<sup>2</sup> A Contract Officer assigned to Phnom Penh would result in a more efficient use of scarce staff resources and would be a more effective way to manage USAID/Cambodia's expanding program. It would also allow  
(continued...)

development/implementation functions could be centralized (vs. being undertaken on an ad hoc basis) and greater attention could be directed towards project monitoring, both as a management tool as well as to measure program impact.

#### A. Critical Assumptions

##### **The Critical Assumptions Remain Valid, Although Staffing Commitments Remain Unfulfilled**

USAID/Cambodia's 1994-1997 Assistance Strategy was approved in January 1995 by State 01669 (Annex C). In the context of lessons learned from neighboring Asian successes, the Agency's goal and objectives, and the post-crisis transition strategy, USAID/Cambodia selected strategic objectives for the Cambodia program based on the following criteria:

- consistency with Cambodian development priorities;
- consistency with the Agency's strategic focus and mandate;
- complementarity with other donor programs;
- potential for visible, high impact within a relatively short time frame;
- priority in terms of democratic government surviving the post-crisis transition;
- likelihood of spread effects, especially in which a high degree of rural household participation is facilitated and in which benefits accrue to the rural population;
- U.S. comparative advantage in technical expertise; and
- manageability, sustainability, and accountability of proposed activities.

The strategy was also developed with several assumptions regarding the conditions in Cambodia, the operational environment, and the availability of resources. With the notable exception of USAID/Cambodia staffing, the assumptions made have mostly been borne out by events since USAID/Cambodia's draft strategy was originally reviewed in June of 1994. In the intervening ten months, the age of the Royal Cambodian Government has roughly doubled. The RCG's survival to the present is in itself a noteworthy success. But while the situation has changed dramatically in Cambodia since the early part of this decade, the changes have not altered the development challenge. Cambodia remains extremely poor and undeveloped. Therefore, the assumptions upon which USAID/Cambodia's Assistance Strategy is based remain essentially unchanged. Table 2 lays out the status of these critical assumptions.

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<sup>2</sup> (...continued)

USAID/Cambodia to be more proactive vis-à-vis procurement planning so that questions and issues raised by grantees and contractors could be resolved in a preventative fashion before they became time-consuming problems. The impact could be significant as USAID's current portfolio provides support for a total of *over 300 expatriate staff*, a number which could *double* by the end of the Action Plan period. Even given the implementation efficiency gained from a largely NGO-led program, the USAID management burden is heavy. The on-site presence of a Contracts Officer would also speed up the turn-around of procurement actions that this workload entails.

**Table 2: Critical Assumptions Comparison**

Category	Critical Assumptions Made in the June 1994 Strategy	Where These Critical Assumptions Stand as of April 1995
Continued Political Stability and Commitment to Democratic Governance	Cambodia must remain politically stable and the RCG must continue its commitment to a multi-party, democratic structure. Political stability is both a necessary precondition for a successful post-crisis transition as well as a desired outcome. Political stability provides both security and a basis for economic growth. Only as benefits of democratic change begin to accrue broadly will necessary political support grow and stability be ensured. Should civil war resume or the Khmer Rouge insurgency significantly widen, or should any particular party take control of the government outside of electoral process, achieving the project outcomes would be jeopardized and USAID would have to adjust its assistance program.	Cambodia continues to enjoy a fairly stable political environment, though the RCG's commitment to democratic governance has been questioned by some. USAID/Cambodia believes that sufficient commitment exists within the RCG justify moving forward with USAID's program. This point of view is corroborated by other donors, none of whom have disengaged from Cambodia.
Continued Willingness to Implement Donor-Recommended Reforms	The RCG must remain willing to implement recommended policy changes to improve the economic and business environment. This includes early reform of the civil service by significantly downsizing and installing competitive salaries for those who remain.	The RCG has been extremely cooperative in many areas of reform, but has had more difficulty with some of the more politically-sensitive decisions, such as civil service reform. Nevertheless, both multilateral and bilateral donors have commended the RCG on progress already made. Donors continue to stress the importance of Cambodia's accelerated progress in the areas of good governance, transparency, administrative reform, democracy, and respect for human rights and the rule of law. The RCG has solicited collaboration from donors on these sensitive issues. The United States has stated it remains "committed to maintaining our support for what will certainly be a long term effort" to rebuild Cambodia (from the text of the U.S. Statement at the March 1995 ICORC, Annex D, Paragraph 5).
Continued Willingness of the RCG to Allow NGOs to Operate Throughout Cambodia	The RCG will continue to permit NGOs to operate throughout the country, The RCG is expected, however, to implement quality control and other managerial controls to increase its oversight of NGO activities	The RCG has made no moves to curtail the activities of NGOs in any area of the country, nor implemented any quality control or other oversight mechanisms. NGOs are requested to register with the appropriate government entity prior to project start-up.
RCG Accountability Will Continue to be Insufficient	Although gradual improvements are expected, the RCG will <u>not</u> have in place control, accountability, administrative, and counterpart capacity sufficient cash transfers to the RCG or direct involvement in implementing projects	USAID/Cambodia reasserts the contention that the RCG does not have the necessary control, accountability, and administrative procedures to allow for host country contracting, direct involvement in implementing projects, or administering USAID funds.
USAID/Cambodia Staffing Will Increase Commensurate with its Program Responsibilities	USAID/Cambodia staffing (USDH and USPSC) in critical administrative and technical areas will need to increase beyond currently authorized levels if it is to properly and effectively execute the approved strategy.	<i>The agreement to provide USAID/Cambodia with staff commensurate with its program responsibilities remains unfulfilled.</i> Although staff levels have increased over the past year, it remains woefully inadequate to meet the enormous needs of the program. As a consequence, USAID/Cambodia's ability to achieve program impact and attain its stated goals is severely hampered. USAID/Cambodia increasingly needs administrative and technical staff to work with the RCG, administer the program, and interface as necessary with its development partners.

In sum, most of the assumptions on which USAID/Cambodia's approved strategy was based have remained valid from the time the strategy was originally reviewed to the present. Given Cambodia's extremely low level of development, these assumptions will likely remain valid for the foreseeable future.

Other assumptions which have been made *and could affect the strategy in the future* are:

- Security: So far the RCG has been able to contain and in many cases limit the physical threat posed by Khmer Rouge insurgents. If the security situation in Cambodia deteriorates, however, activities in rural areas could be affected.
- Rice shortage: 1994 was a poor year for Cambodia's rice harvest and the ensuing drought in several rice-growing areas has exacerbated the problem. The RCG made a plea to donors for food-aid to cover their projected shortage. So far, the response has fallen short of identified needs. A major deterioration in security in Cambodia could harm next season's rice crop as farmers would be unable to harvest their crop if significantly large numbers are driven from their fields by fear. The situation is especially critical in the militarily-insecure northwest where much of Cambodia's rice is grown.

#### **B. Other Donors**

The primary forum for donor coordination in Cambodia has been the International Conference on the Reconstruction of Cambodia (ICORC), which was established as part of the Paris Peace Accord in 1991. Consisting of some 30 participating countries and 14 international organizations, ICORC has generated well over \$1 billion in donor pledges. The first ICORC meeting was held in September 1993. At that meeting, donors pledged over \$1 billion for the reconstruction of Cambodia. Of that amount, donors disbursed \$155 million, of which approximately \$68 million supported development projects; \$35 million financed commodity imports and \$52 million was used to clear arrears with the IMF. The second ICORC was held in March 1994. At that session donors pledged over \$500 million. The United States pledged \$33 million for FY 94, \$29 million of which came from USAID and the remainder from other U.S. government agencies. An additional \$37 million was pledged for USAID for FY 95. A third ICORC was held in March of this year, as this ICORC was a stock-taking session, no significant new pledges were made. Most donors did, however, reaffirm their earlier commitments to the reconstruction of Cambodia.

These pledges made during the ICORC process were driven initially by donor priorities. The resulting assistance programs have been in many cases disjointed and uncoordinated. Since the first ICORC and Cambodia's national elections, the RCG has established the Cambodia Development Council (CDC) to develop investment priorities and budget requirements, formulate assistance requests, and coordinate donor assistance programs. Donor coordination both at the international level and within Cambodia is now moving from an essentially political and humanitarian focus to a more proactive economic development

orientation to better respond to Cambodian priorities as outlined in the RCG's February 1994 National Programme to Rehabilitate and Develop Cambodia.

Because of Cambodia's isolation prior to the 1991 Peace Accord, international financial institutions did not operate here. It was only after arrears were cleared following the September 1993 ICORC meeting that the World Bank, the IMF and the Asian Development Bank were permitted to begin programming activities for Cambodia. In addition, the United Nations Development Program (UNDP) began at that time taking on responsibility for new programs and also ongoing programs under the administration of UNTAC.

A goal of all four of these institutions has been to put in place quick-disbursing programs as an immediate bridge to helping Cambodia meet its balance of payments and budget support needs. At the September 1993 ICORC meeting the World Bank announced a quick-disbursing loan for emergency commodity imports in the health and education sectors, but the Bank has had problems in reaching agreement on imports to be financed. Because of these problems and accountability issues, and the desire to quickly provide resources for Cambodia, the World Bank recently reached agreement on a \$20 million loan for a social fund which will provide grants of up to \$50,000 for community-based activities. The World Bank is developing a longer-term structural adjustment program to encourage civil service reform. The World Bank is also undertaking a \$12 million project to streamline the development of Cambodian legal codes and systems in coordination with USAID and other donors. Furthermore, the Bank is leading an effort to create and assist a Task Force on Higher Education with USAID involvement and assistance. The IMF is providing initial budget support and helping the central bank establish monetary and fiscal stability. The Asian Development Bank's program in Cambodia is supporting the RCG's macroeconomic management capability with short-term technical assistance, funding emergency rehabilitation of infrastructure, providing technical assistance to develop sector strategies, and supporting institution-building and human resource development. The UNDP has an office in Phnom Penh which has served as a clearinghouse for information on donor activities and coordinated activities of UN agencies in Cambodia. The UNDP itself has a large array of activities, including rural development and reintegration of refugees, infrastructure rehabilitation, policy advising and capacity building at the RCG, and donor coordination. The UN family of activities includes UNESCO support to restoration of the temples around Angkor Wat, UNICEF assistance for primary education and child survival, limited UNFPA assistance in family planning, and refugee resettlement activities under UNHCR.

Besides the United States, which has provided the highest cumulative level of assistance to the Cambodian people since the mid-1980s, other major donors in Cambodia are the Japanese (who have focused on specific infrastructure projects), the French (who have targeted the education sector, with emphasis on French language-based higher education), the Australians (who have focused on technical support to RCG ministries, English language training, and support for specific NGO/PVO programs), and the European Union (rural development, primary education). In all, around thirty bilateral donors are providing assistance to Cambodia.

Although donor pledges have been notable and disbursements in the last year significant, it is clear that Cambodia will need technical assistance and financial support for many years to make the transition to sustainable development. The RCG has prepared a public investment program for 1994-96 totaling \$780 million, of which \$476 million has been tentatively identified with specific donors. Anticipated donor involvement is heavily skewed toward transport, health, education, and rural development, in that order. Energy and water supply appear to have drawn notably less donor interest. However, current donor projections of their disbursements over the same period total only \$290 million, reflecting the tentative nature of commitments to the investment plan. Annex B provides a summary of the planned public investment program 1994-96 with anticipated donor contributions, self-estimates of donor disbursements, and technical assistance requirements for macroeconomic management.

Donors have also found it extremely useful to coordinate outside of the highly politicized ICORC meetings. Both formal and informal meetings are held regularly in Phnom Penh. These meetings are broken out by sectors and allow for technical and programmatic exchanges and coordination. For example, donors meet almost monthly in the health, education, and environment sectors, and a monthly subcommittee meeting on birth spacing began in April 1995. The UN Center for Human Rights has also begun to act as coordinator of foreign assistance to local human rights NGOs and legal system reform. These types of meetings will continue to be the primary venue for on-the-ground coordination of donor assistance.

### **III. USAID/Cambodia's Proposed Assistance Activities**

Table 3 provides an overview of USAID/Cambodia's portfolio of active projects. In addition to these projects, USAID/Cambodia is also responsible for closing out three projects which were originally funded and implemented by the former Office of Khmer Affairs in Bangkok. When that office closed on September 30, 1993, oversight of three projects was shifted to USAID/Cambodia. The last of these three projects ends in 1995. Activities of another small stand-alone project--a grant to the Cambodian American National Development Organization (CANDO)--has been folded into the PVO Co-Financing Project.

During the period of this Action Plan, USAID/Cambodia will have four new starts, three of them designed in FY 95 (Family Health and Birth Spacing, Assistance to Primary Education, and Environmental Management) and one in FY 97 (Rural Roads/Infrastructure). In addition, the Technical Support, Democratic Initiatives, and PVO Co-Financing Projects will be amended to increase funding and the PACD.

**Table 3: Existing USAID/Cambodia Projects, by Fiscal Year**

Project	1992	1993	1994	1995	1996	1997
442-0109 Emergency Roads Repair	XXXXXXXXXXXXXXXXXXXXXXXXXXXX					
442-0110 Technical Support	XXXXXXXXXXXXXXXXXXXXXXXXXXXX->01					
442-0111 Democratic Initiatives	XXXXXXXXXXXXXXXXXXXXXXXXXXXX->00					
442-0112 PVO Co-financing	XXXXXXXXXXXXXXXXXXXXXXXXXXXX->02					

Discussions are presently ongoing within the Mission regarding ways in which assistance through the Technical Support Project can be better used to support broad economic growth objectives. At this writing, the Mission anticipates that the PACD will be increased beyond its current 1996 date and that funding will be increased from the currently authorized \$10.0 million LOP amount. However, as these discussions have not yet concluded, we would simply like to signal in this Action Plan the Mission's intention to increase the life of project duration and funding. Table 4 shows illustrative dates and amounts, although this is subject to change.

The Democratic Initiatives Project, subject to approval of USAID/Cambodia's Democracy/Governance strategy submitted to Washington at the end of April 1995 will be amended to increase the LOP funding from \$15.0 million to \$50.0 million while extending the PACD to the year 2000. The democracy sector assessment for Cambodia found that the democracy components of the project were essentially on track and that continued but focused implementation was what was required. However, the Mission proposes as part of the amendment to expand significantly the governance component of the project. The specification of the governance activity awaits a detailed strategy development that will be undertaken in July/August 1995.

With the expansion of the Democratic Initiatives project and the development in FY 95 of new projects in Family Health/Birth Spacing, Primary Education, and Environmental Management, PVO funding that previously was directed through the PVO Co-Financing Project will increasingly be directed through the specific sectoral project. As a consequence, the Mission proposes to cancel the planned \$50.0 million new start--PVO Co-Financing II-- and instead amend the present PVO Co-Financing Project to add \$25.0 million and extend the PACD to the year 2002. An amended PVO Co-Financing project would allow USAID to sharpen the focus of new PVO activities towards agriculture, micro-enterprise, and income generation activities while activities addressing democracy, health, family planning, primary education, and environment would be funded through the various sectoral projects mentioned above. Overall, the amount of funding (over three-quarters of USAID's active portfolio) being directed through PVOs would remain approximately the same. The Mission is

presently reviewing whether a minimum set-aside for agricultural and income generation activities should be adopted.

**Table 4: Proposed USAID/Cambodia Project Portfolio<sup>3</sup>**

Project/Sector	Year Authorized	LOP Funding	Final Obligation	PACD	
		(\$ millions)			
442-0109	Emergency Roads Repair	1992	40.0	1993	1996
442-0110	Technical Support	1992	18.0	2000	2000
442-0111	Democratic Initiatives	1992	50.0	1999	2000
442-0112	PVO Co-financing	1993	75.0	2000	2002
442-0115	Family Health/Birth Spacing	1995	20.0	1997	1998
442-0116	Assistance to Primary Education	1995	30.0	1998	2001
442-0117	Environmental Management	1995	5.0	1995	1999
xxx-xxxx	Rural Roads/Infrastructure Activity	1997	30.0	1999	2000

<sup>3</sup> USAID/Cambodia anticipates there will be Global Bureau activities during the strategy period; plans and funding for specific activities will be developed on a case-by-case basis. USAID/Cambodia will review all proposals with particular emphasis on management implications for field staff.

#### IV. Strategic Objective Narratives

##### A. Strategic Objective No. 1:

*To reinforce democratic gains by further strengthening the capabilities of public interest NGOs, processes and institutions and to strengthen Cambodia's capacity to govern by helping to establish legal, regulatory, and judicial systems.*

**Rationale:** Cambodia has had a long history of being dominated by external forces and authoritarian regimes. The Paris Peace Accords of 1991, followed by the United Nations-sponsored elections in May 1993, were major events leading to installation of the present government. That government, however, remains weak: the parties are not well developed as institutions and divisions and political infighting have resulted in uncertainty on Cambodia's political, economic, and social fronts. Although the situation continues to improve, it remains fragile, thus undermining the prospects for sustained peace and economic growth. Nurturing pluralism, democratic values, and the institutions needed for a civil society are critical to maintaining Cambodia's hard-won peace. The USAID program, therefore, encourages pluralism and seeks to strengthen those democratic institutions that are critical to fighting Cambodia's historical tendencies toward authoritarianism, mismanagement, and corruption.

**Tactics:** USAID/Cambodia's strategic focus in programming funds across all project sectors through the end of the FY 95-97 Mission Strategy period is to provide a rapid-response, impact-oriented program which meets immediate, priority Cambodian needs in anticipation of the 1998 elections. The program works at both the local level and the central level to effect impact on the system of governance, communication among Cambodians and between citizens and the government, quality of life of Cambodians, and the institutions of the rule of law as a basis for civil and commercial transactions. USAID is providing technical assistance to strengthen the National Assembly, the courts, public interest organizations, and indigenous human rights groups. USAID is also providing technical assistance to improve the operations of key economic planning ministries and the legal system. **Related Activities:** Support for democracy and democratic governance is a cross-cutting theme for all projects in USAID/Cambodia's portfolio. The Mission's entire portfolio represents an integrated program which supports or will support activities to strengthen the capacity and performance of institutions key to promoting democracy and governance in the short term, and establishing the basis for sustainable evolution to a democratic society in the longer term. USAID plans to support economic growth, primary education, and family health and birth spacing activities through NGO grants which will encourage grass-roots participation and provide tangible benefits to the population of Cambodia that will underscore the benefits to be derived from a democratic government. In addition, planned environmental management activities will improve the Cambodian government's ability to manage sustainable use of the country's considerable natural resources.

USAID is working in several areas to strengthen the capacity of public and private institutions to help the country's transition to a democratic society. In particular, assistance is targeted on the legal sector, courts, the legislature, independent media, and human rights organizations. USAID assistance in the Rule of Law sector includes: technical assistance provided to Cambodian government institutions through the American Bar Association for the drafting of laws and regulatory codes; provincial court reform assistance through the International Human Rights Law Group; and legal education, including Continuing Legal Education courses for civil servants, at the existing Faculty of Business through a grant to the University of San Francisco School of Law. USAID also is targeting limited advisory assistance to the Ministries of Health, Rural Development, Education, as well as economic planning ministries, which the RCG views as particularly important. Although this assistance has been well received and well used, USAID and the RCG must now prioritize the myriad needs and then select areas where the U.S. Government can provide capable, sustained assistance over the medium term.

Also, due to the RCG's inability to manage USAID funds, USAID must rely primarily on U.S. contractors and U.S. and indigenous non-governmental organizations (NGOs) and private voluntary organizations (PVOs) to implement its program. The linking of U.S. and indigenous groups achieves the low-cost transfer of sorely needed management skills to Cambodians. The effective functioning of an indigenous NGO community improves the probability that Cambodia's democratic institutions can be sustained over the long term. Indigenous NGOs are also venues where concerned Cambodian citizens can counsel their government and their fellow citizens on how a free and fair society should work.

Performance: USAID has already taken significant steps to promote pluralism and to strengthen governance. Evolving from activities to support the peace process and the May 1993 elections, USAID has provided training for the major political parties (except the Khmer Rouge) and support to the new National Assembly.<sup>4</sup> These programs, which were implemented through The Asia Foundation, the National Democratic Institute, the International Republican Institute and the Asia-American Free Labor Institute, have already produced tangible results. Achievements to date include increased transparency in courts, greater respect for due process, and the training of public defenders to protect the rights of indigent defendants. The program emphasizes the role of women and their empowerment in the democratic process. *Constraints:* With a focus largely on immediate concerns, the key constraints to achieving USAID's Strategic Objective 1 include an extremely weak government structure, chronic budgetary deficits, a need for civil and military reform,

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<sup>4</sup> USAID is one of the few donors with a specific objective to promote improved functioning of the National Assembly and public-interest NGOs in Cambodia. USAID brings in expertise from many countries so that Cambodians can choose for themselves which models of governance are most appropriate in the Cambodian context. The RCG and National Assembly have specifically requested additional U.S. assistance in promoting democratic processes and supporting good governance. Both institutions note that the United States is the preeminent donor in this area and that this assistance has been effective.

competing interests of political factions, a chronic lack of competent counterparts, lack of effective key institutions, corruption, and an extraordinarily weak human resource base.

Expected Program Impact (Annex A lists an illustrative Results Package for this SO):

- establishment of an institutional framework for national elections, to be contested by viable political parties;
- a legislative process that is better coordinated, more responsive to the expressed needs of the electorate, and a National Assembly which functions more independently and effectively;
- increased access to legal, regulatory, and judicial organizations providing services that are perceived as more transparent, predictable, effective, and fair;
- increased access to and tolerance of public information, including that provided by all elements of the media;
- increased access to information and organizations providing services that affirm and promote human rights;
- improved capacity of policy making units in key development ministries sectors to generate and utilize information and analysis; and,
- increased opportunity for individuals, groups, and organizations to participate freely, effectively, and in an informed manner in shaping and realizing the national development agenda.

<u>Resource Needs:</u>	FY 95	\$10,929,500
	FY 96	\$14,107,000
	FY 97	\$11,025,000

**B. Strategic Objective No. 2:**

*To promote sustainable broad-based economic growth by helping to establish an outward-looking market oriented policy framework.*

Rationale: Cambodia's tragic experiences of the last several decades have rendered its economy a shambles and its people among the poorest in the world. Its physical infrastructure has been destroyed and its human resources squandered. Its infrastructure has to be repaired and/or rebuild and the basic social and economic institutions rebuilt that will provide the basis for long-term private sector-led growth. In particular, USAID/Cambodia aims to improve the foundation for sustainable economic growth through its interventions in the following areas: creation of an appropriate institutional environment for private sector growth; strengthened private sector organization; rehabilitation of national highways and rural roads; reduction of land mines; provision of basic services; upgrading of professional management and technical skills; and supporting small-scale rural and urban income generation activities.

Tactics: USAID's efforts to rebuild Cambodia's economy are focussed on four areas: rehabilitation of physical infrastructure; supporting the creation of the necessary legal framework and institutional environment for private sector-led growth; improving the human resource base; and supporting small-scale rural and urban income generation activities. USAID has already rebuilt some 500 kilometers of rural roads in the northwest of the country and is now rebuilding a critical transport artery between the capital city and Sihanoukville, the country's only deep-water ocean port. During the approved strategy period, USAID will continue to rebuild rural infrastructure, including roads throughout the country. USAID will expand its efforts to provide technical assistance and training to the key economic ministries. USAID efforts will also focus on supporting the creation of the basic legal framework needed for private sector growth and will support the creation of private sector institutions that can represent the private sector interests. USAID, through the PVO Co-Financing activity provides funding for small-scale and micro-enterprise development in rural and urban areas. USAID will also help the Ministry of Environment improve its ability to manage Cambodia's considerable natural resources in an ecologically and economically sustainable fashion. By training all of Cambodia's 46,000 primary school teachers, USAID will improve the quality of primary education, thereby preparing Cambodia's young for the emerging job market.

Performance: Realistically, a nation cannot be rebuilt in ten years, nor can the key institutions and human capabilities necessary to manage that process be established in half that time. Nevertheless, USAID can help lay the groundwork for the most important of tasks, the most fundamental of priorities, and the development of the most critical capabilities. Over the next three years, the Cambodian government faces many challenges. The RCG must consolidate its previous gains, produce immediate and visible results for a hopeful population to establish its legitimacy, and strengthen its core capabilities. These steps preface the eventual shift from chaos and despair to broadly participatory, sustainable development.

USAID has just begun rebuilding the main highway between Phnom Penh and Sihanoukville, the country's only deep-water port. The work should be completed in 1996. In addition, USAID has worked with many PVOs to conduct skills training programs in urban areas. As a result, Cambodians are developing entrepreneurial skills and opening or expanding small enterprises. USAID is providing assistance to Cambodia's National Assembly and to the legal, regulatory and judicial systems to build strong bases for investment, dispute resolution, and property rights. Already the courts are beginning to function in a more transparent, predictable manner and the presidents of the courts have requested an expanded training and court reform program, which will begin in 1995. The National Assembly has enacted commercial laws which are beginning to lay the foundation for foreign investment and expanded trade. Finally, USAID has just begun to provide technical assistance in macroeconomic planning to the new government. This technical assistance already has resulted in the drafting of strategy papers that will guide the government in its management of international donor resources. Constraints: Several factors limit Cambodia's capacity to achieve and sustain broad-based economic growth. These include, but are not limited to, the

lack of a fully market-oriented policy framework, an experienced private sector, a trained labor force, and even the most basic physical infrastructure. The isolation of much of Cambodia's population (85% rural) threatens to limit the equity of economic growth. Also, the constant mortal threats posed by the 8-10 million land mines, unexploded ordnance and renewed Khmer Rouge insurgency exact a heavy physical and psychological toll on an already war-weary people.

Expected Program Impact (Annex A lists an illustrative Results Package for this SO):

- Improved policy analysis and strategic planning in key ministries;
- Improved policy formulation and implementation in key economic ministries;
- Development and establishment of a new environmental code;
- Enhanced environmental planning in RCG programming;
- Rehabilitated farm-to-market roads which permit subsistence farmers to have access to agricultural inputs and markets;
- Increased access to savings mechanisms and small-scale credit for microenterprises in rural areas;
- Strengthened private sector organizations effectively representing private sector interests before the Government and National Assembly; and
- Establishment of a transparent set of rules, laws, and regulations that structure incentives to stimulate production and trade and provide the legal framework for growth.

<u>Resource Needs:</u>	FY 95	\$11,574,550
	FY 96	\$12,262,000
	FY 97	\$16,975,000

**C. Strategic Objective No. 3:**

*To help increase access to basic family services by supporting programs and policies which help assure that rural citizens and vulnerable groups have this access and can participate in economic growth.*

Rationale: The past two decades of violence and political turmoil have not only decimated Cambodia's social service systems, but have severely hampered Cambodia's ability to provide these services anytime soon without external assistance. The majority of educated Cambodians were either killed or driven out of their country. Although the Vietnamese-backed government attempted to reestablish some social services, such as the primary education system, its efforts failed. Quality of instruction is poor, high repeat and dropout rates are the norm, and young Cambodians are left ill-prepared to enter the work force. The RCG has been, and remains, barely able to provide basic social services to its citizens. Weak government structures, poor security, and insufficient financial and human resources inhibit or altogether prevent the Cambodian government from providing these services. Yet, there have been improvements, in education as well as a number of other sectors (health,

water, etc.) where international and indigenous PVOs and NGOs have been active in Cambodia.

The problems arising out of weak government structures are evident throughout the countryside. Inadequate health and sanitation services mean that the entire population is at risk from water-borne diseases, tuberculosis and other respiratory diseases. Moreover, lack of access to family planning services has led to a high number of unwanted and high-risk pregnancies (resulting in a high rate of abortion-related deaths), a high maternal death rate, and poor child health. The education system remains weak, condemning the 1.6 million primary school children to schools that leave them illiterate and unable to do basic calculations.

USAID's objective is to strengthen the capacity of public organizations and NGOs to provide sustainable family services. In particular, USAID aims to improve capacity in the following areas: the delivery of services by NGOs, the management of the health and population sector by the government, the knowledge and use of safe family planning and maternal and child health methods by the general population, and the education of Cambodia's children by improving the skills of primary school teachers.

Tactics: Direct assistance to rural development activities is being provided through PVOs to support a variety of interventions throughout Cambodia, including water and sanitation, hospital rehabilitation, prosthetics, maternal and child health, social marketing for reproductive health (including HIV prevention), health education, credit, women's skill development, community development, vocational training for the disabled, and human rights training. USAID's assistance in primary education will train 46,000 primary school teachers. Given USAID's limited staff, it relies heavily upon U.S. and indigenous PVOs and NGOs to implement its program. It is a mechanism that has proven to be extremely effective (in terms of impact, geographic coverage, and cost-effectiveness) in transferring much-needed skills to Cambodians working to rebuild their country. *Related Activities:* USAID will support environmental management activities to improve environmental advocacy skills. More effective environmental advocates can demand improved management of the environment, which will lead to an improved quality of life for all.

Performance: USAID has worked with numerous U.S. and international PVOs and international organizations in the following activities: providing prosthetics to war victims and those injured by land mines, maternal and child health through immunization, health education and potable water, and family planning and human immunodeficiency virus and acquired immune deficiency syndrome prevention. Quality services are being provided on a nearly nationwide basis, and NGOs are training RCG counterparts to improve management, coordination and delivery of services. *Constraints:* Providing basic family services in the short-term can be accomplished relatively quickly and easily; however, providing them in a way that can be sustained in the long-term is much more difficult. The single largest constraint to this is the lack of skills, both technical and managerial, in the Cambodian population, and this is not a deficit that can be eliminated in a matter of a few years. Even

where Cambodian service providers are well-trained, low Government wages and unskilled RCG counterparts often impede progress. Equally significant is Cambodia's recent history: the experience, shared by so many Cambodians, of forced communal labor and collectivization under the Khmer Rouge and the Vietnamese has left many communities reluctant to engage in community task-sharing considered so critical to sustainable development efforts. Finally, security problems continue to plague rural programs by disrupting service delivery and forcing the displacement of NGO and RCG staff.

Expected Program Impact (Annex A lists an illustrative Results Package for this SO):

- Strengthened primary education system through teacher training, provision of textbooks, supplies and materials, and policy-level technical assistance;
- Enhanced access to basic services and humanitarian assistance by vulnerable groups in the areas of health, sanitation and potable water;
- Improved family health programs on a national scale leading to improved health of women and children and increased access to safe and reliable modern methods of contraception;
- Increased contraceptive prevalence by modern methods;
- Stronger indigenous capacity to provide protection from mines over the medium to long-term; and
- Expanded support for, and increased capacity of, indigenous NGOs.

Resource Needs:

FY 95	\$14,495,500
FY 96	\$13,151,000
FY 97	\$12,000,000

Table 5 on the following page details how USAID/Cambodia's project activities supports its strategic objectives. While the Action Plan Guidance requests a "Program Activity Tree," the unique complementarity of how USAID/Cambodia's projects support its approved strategic objectives are best presented in a table format. Also, as discussed in the Performance Monitoring and Evaluation section in Annex A, USAID/Cambodia is not able to report on "program" outcomes at this time. Therefore, in this and other formulations, USAID/Cambodia will rely on project results to assist its measurement of success or failure in achieving its Strategic Objectives.

**Table 5: Project Activity Table**

Objective: Project:	SO 1: Strengthening Institutions for Democratic Governance	SO 2: Promoting Sustainable Economic Growth	SO 3: Increasing Access to Basic Family Services
Democratic Initiatives	Capacity-building in National Assembly, Political Parties and Public Interest NGOs; Governance	Legal, regulatory and judicial framework for free market transition; leadership development	Advocacy
Cambodia's Technical Support	RCG Analytic and Decision-Making Capacity-Building	Legal Frameworks, analytic support for taxation, commercial codes, etc.; financial sector strengthening	Enhanced Analytic Capacity in Social Ministries
PVO Co-financing	Advocacy: immediate growth in services showing benefits of democratic government	Microenterprise support	Direct social services: improved dialogue between NGOs and ministries
Rural Roads/ Infrastructure	Immediately visible impact of democratic government: deny insurgencies exclusive access/control of rural populations; immediate cash inflow to local construction workers	Improved transport between Phnom Penh and Sihanoukville; improved links to markets; immediate and sustained cash inflow to local economies	Improved access to services  Food security  Reduced mine hazard
Family Health/ Birth Spacing	Immediately visible impact of democratic government	Reduced population growth and concomitant demand on limited resources; increased productivity with reductions in sick time and acute health care costs; improved services for RCG expenditures in health	Improved maternal and child survival rates; safer, more reliable services; increased contraceptive use
Primary Education	Immediately visible impact of democratic government	More productive workforce; fewer children competing for scarce jobs	Better primary education; more educational materials; improved family access to information
Environment	Strengthened environmental ministry with cross-sectoral mandate and enhanced regulatory framework; enhanced advocacy	Legal and regulatory framework for natural resources; more sound resource planning, utilization, and management	Improved environmental conditions leading to better health status

## V. Resource Requirements<sup>5</sup>

**Program Funding:** To carry out the approved strategy USAID/Cambodia has assumed that annual funding levels will remain relatively consistent with amounts pledged at the March 1994 ICORC meeting. At that meeting, the U.S. pledged that USAID would provide \$29.3 million for FY 94 and \$37 million for FY 95. The FY 96 Congressional Presentation requested \$39.52 million while the USAID/Cambodia strategy proposed a level of \$35 million in FY 96 and FY 97 to support new and continuing program activities. For planning purposes the figure of \$39.52 million is used for FY 96 and \$40 million is used for FY 97. If levels were to drop below these planning levels in FY 96 and/or FY 97 USAID/Cambodia would cut back LOP levels across the board, with the Environmental Management project being the first cut either in scope and/or its duration. In reality, cuts will be determined by the character of funds made available. Cambodia has requested no DA for FY 96 because ESF will be the sole source of funds. If funding is cut below these levels in FY 96 and FY 97, the Mission will review individual activities and shift resources into areas where most results will be obtained.

**Project vs. Non-Project Assistance:** USAID/Cambodia's recently approved strategy plans only project assistance because of the level of host-country involvement and accountability necessary to successfully implement non-project assistance (e.g. budget support). The Mission has determined that this mode of assistance is not practical at this stage of the RCG's development. In addition, tracking the policy agenda and currency flows of the still embryonic government in Cambodia are beyond the management capacity of USAID/Cambodia's small staff.

**Pipeline:** At a little over two years old, USAID/Cambodia's program is relatively young. Therefore, pipeline is not an issue. Because USAID/Cambodia's projects are obligated through grants, cooperative agreements, and contracts, obligated funds are nearly 90% committed. Proposed obligations for each project in FY 94, FY 95 and FY 96, and a provisional obligation plan for FY 97 are presented in Table 6.

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<sup>5</sup> The need for flexibility in programming has been asserted by the Congress in its consistently providing "notwithstanding" authority for program implementation every year to date. However, USAID/Cambodia has, as a matter of principle, minimized use of this authority in program design and implementation.

**Table 6: Planned USAID/Cambodia Obligations**  
(U.S. \$ Thousands)

Project	1992	1993	1994	1995 - 1997		
				1995	1996	1997
xxx-xxxx Projects not in Action Plan period	8,838	0	0	0	0	0
442-0109 Emergency Roads Repair	12,359 <sup>6</sup>	24,000	6,000	0	0	0
442-0110 Technical Support	1,000	4,000	2,800	0	2,520	7,000
442-0111 Democratic Initiatives	3,000	5,000	5,500	7,509 <sup>7</sup>	15,500	5,500
442-0112 PVO Co-Financing	0	24,494 <sup>8</sup>	15,175	11,991	5,000	5,000
442-0115 Family Health/Birth Spacing	0	0	0	7,500	9,000	2,500
442-0116 Assistance to Primary Education	0	0	0	5,000	7,500	10,000
442-0117 Environmental Management	0	0	0	5,000	0	0
xxx-xxxx Rural Roads/Infrastructure	0	0	0	0	0	10,000
<b>TOTALS</b>	<b>25,197</b>	<b>57,494</b>	<b>29,475</b>	<b>37,000<sup>9</sup></b>	<b>39,520<sup>10</sup></b>	<b>40,000</b>

Table 7 provides an estimate of the percentage of project resources which will be obligated to support each Strategic Objective during the strategy period. These percentages, while subjective, represent the consensus and collective wisdom of the USAID/Cambodia technical staff, based on their knowledge of Cambodia and the details of the proposed activities. It is clear from this table that USAID/Cambodia believes that all of the proposed activities positively impact on its three Strategic Objectives. This is not surprising given that Cambodian needs are so fundamental that almost anything done to help, including the simplest of activities in any sector, is ultimately an investment in development. Table 7 also shows the strong interdependence and complementarity of the ongoing and planned portfolio.

<sup>6</sup> Includes \$2,358.627 for emergency roads to support OFDA repatriation program not charged to the project.

<sup>7</sup> Assumes new obligations to modified democracy project.

<sup>8</sup> Includes \$1,660.000 carry-over from Office of Khmer Affairs not charged to the project.

<sup>9</sup> Amount pledged at the September 1994 ICORC meeting in Tokyo.

<sup>10</sup> Estimates of OYB level based on FY 96 Congressional Presentation.

**Table 7: Percentage of Project Activities Supporting Each Objective**

Objective: Project:	SO 1: Strengthening Institutions of Democratic Governance	SO 2: Promoting Sustainable Economic Growth	SO 3: Increasing Access to Basic Family Services	TOTAL
Democratic Initiatives	65%	30%	5%	100%
Technical Support	35%	60%	5%	100%
PVO Co-Financing	15%	35%	50%	100%
Roads	20%	50%	30%	100%
Family Health/ Birth Spacing	10%	15%	75%	100%
Primary Education	20%	40%	40%	100%
Environment	50%	40%	10%	100%

Funding levels for each fiscal year by Strategic Objective are presented in Table 8. The largest share of proposed funding, generally about half, will be allocated towards Increasing Access to Basic Family Services in each of the fiscal years. The balance of funding is roughly split between the remaining Strategic Objectives, with promoting Sustainable Economic Growth receiving slightly greater budgetary emphasis than Strengthening the Institutions of Democratic Governance. However, given the subjective nature of the estimates and the strong interdependency and complementarity of both objectives and activities, these estimates should only be taken as approximate.

**Table 8: Estimated Funding Levels by Strategic Objective**  
(\$ 000)

	1994	1995	1996	1997
SO 1: Democratic Governance	8,031	10,929	14,107	11,025
SO 2: Economic Growth	11,641	11,575	12,262	16,975
SO 3: Basic Family Services	9,803	14,496	13,151	12,000
<b>TOTALS</b>	<b>29,475</b>	<b>37,000</b>	<b>39,520</b>	<b>40,000</b>

**Staffing:** In discussing the staffing implications of the Action Plan, it is important to consider not only the project funding levels but the changing emphases as the program evolves from one focussed on relief and rehabilitation to one promoting sustainable development. This evolution means that project officers managing a project or program

thrust have to provide strategic guidance or vision, especially when implementation is the responsibility of a number of actors. In such a situation, there is need for a Mission support system that will assist the project officers in addressing the implementation details, thus freeing-up time for the officers to provide the needed strategic vision. In response to this need for support purposes, USAID/Cambodia proposes to reprogram existing PSC staffing and augment certain technical areas using staff obtained through PASA arrangements. USAID/Cambodia believes this shift in emphasis on strategic vision and the increased workload resulting from three new starts in FY 95 has significant implications on numbers and organization of staff, as does the fact that in Cambodia, there is not a well-trained, experienced FSN that would normally be available to augment the USDH and the US and TCN PSC staff.

USAID/Cambodia has in the past been structured so that USDH officers oversee both staff and line functions. While this practice must continue for the present until staff vacancies are filled, the future organization of USAID/Cambodia will reflect greater delineation between certain staff and line functions, allow for a more equitable distribution of workload, and provide for greater teamwork. The following depicts an organizational structure that meets these requirements (although specific staff strengths and weaknesses make it likely that the final organizational structure will be slightly different than presented below):

- The **Office of the USAID Representative (AIDREP)** would consist of the AIDREP plus one PSC secretary. It would be responsible for strategy formulation, program direction, and overall donor coordination;
- The **Program and Project Development, Implementation, and Monitoring (PPDIM)** Division would be comprised of a Supervisory PDO (with experience in program planning, project development and implementation, monitoring and evaluation, and grants), a USDH Contracts Officer<sup>11</sup>, a PASA (USDA) Agricultural Economist, a PSC Program Assistant, and a PSC Project Financial Analyst<sup>12</sup>. The **PPDIM Division** would

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<sup>11</sup> The Action Plan as proposed will not require that additional USDH FTE or PSC ceilings be allocated to USAID/Cambodia. However, it is USAID/Cambodia's position that if an FTE is made available by the ANE Bureau for a Contracts Officer to assist USAID/Cambodia program activities, it should be allocated to Cambodia. Recent studies indicate that the RSM/EA-based Office of Regional Procurement (O/RP) currently utilizes 1.6 FTE equivalent for Cambodia-specific contracting activities. Thus, it would be appropriate that a Contracts Officer be located in Cambodia where the workload exists. (In discussions with the Office of Procurement, it was indicated that a warranted USPSC Contracts Specialist could be approved for Cambodia in the event that there is no FTE available for a USDH Contracts Officer position.

<sup>12</sup> The problems with inadequate OE financial oversight are fully documented in the Internal Control Assessment certification submitted to the AA/ANE on September 30, 1994. This assessment, legislatively required under the Federal Managers' Financial Integrity Act, documents USAID/Cambodia's material weaknesses in the following administrative processes: PIRs, PP Designs, procurement management, property management, management services, safety and security, and communications and records. The material weaknesses in all these areas were reported as  
(continued...)

provide the Program and Project Development functions needed by USAID/Cambodia. The focus of PPDIM would be on providing implementation support to the other Divisions, grantees, and contractors. In addition, PPDIM would coordinate the Program and Project Implementation and Monitoring function in coordination with the technical offices. PPDIM would also manage the Technical Support Project;

- The **Infrastructure and Rural Economy (IRE)** Division would be comprised of a Supervisory General Development Officer, a PSC Engineer, and support staff. The **IRE Division** would manage the ongoing Emergency Roads Repair project, the proposed Rural Roads/Infrastructure project (FY 97 start), and selected USAID-funded rural economy and infrastructure activities being carried out by PVOs;
- The **Democracy/Governance (D/G)** Division would consist of a Supervisory General Development Officer, a PSC Democracy Advisor, and a PSC Governance Advisor. The **D/G Division** would be responsible for development and implementation of the Mission's Democracy/Governance strategy as well as implementation of the Democratic Initiatives project;
- The **Health and Education (H/E)** Division would consist of a Project Development Officer, a PASA (or PSC) Education Advisor, a FSN Project Assistant, and an HPN IDI<sup>13</sup>. The **H/E Division** would be responsible for development and implementation of education and health/family planning strategies as well as for implementing the Primary Education and Family Health and Birth Spacing projects;
- The **PVO and Environment (PVO/E)** Division would consist of a Special Projects Officer, a AAAS Environmental Advisor, two PSC Program Assistants, and a FSN Program Assistant. The **PVO/E Division** would be responsible for managing the multi-sectoral PVO Co-Financing project as well as the new Environmental Management project. In terms of implementation responsibility, activities involving rural infrastructure but funded under the PVO Co-Financing Project would be transferred upon approval to the IRE Division; and

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<sup>12</sup> (...continued)

"violating statutory or regulatory requirements." The report indicates that the material weaknesses in procurement management also "significantly lacks safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets." The weakness noted in the recording and coordinating of budget allowances with the RSM/EA was reported as "significantly impairing major activity or achievement of mission purposes." The critical milestones to correct each one of these areas referred to the placement of EXO, Controller, and Contracting services in USAID/Cambodia, as well as better coordination and support from the RSM. Because of the nature of the identified weaknesses, this position is being located in the proposed PPDIM division as opposed to the M/F division.

<sup>13</sup> A Health IDI has been identified for USAID/Cambodia, but the position has not yet been formally approved.

- The **Management and Finance (M/F) Division** would consist of a PSC Executive Officer, a PSC Financial Coordinator, a PSC General Services Advisor, and three TCNPSC service support staff.

The above organization provides for the development of strong implementation support services for the project officers in each technical division. The Supervisory PDO, besides providing guidance and direction for the Division, would oversee the provision of project documentation, implementation, and backstopping support to the technical divisions. The USDH Contracts Officer in the PPDIM Division would provide on-site contracting support for the technical divisions (given the estimated 1.6 person-years of Contract Officer work currently used by USAID/Cambodia, the provision of a Contracts Officer in Phnom Penh is more than justified and would still require contracting services from RSM/EA). The Financial Analyst position located in the PPDIM Division would provide financial analysis and support to the other divisions and the NGOs and contractors. The PASA Agricultural Economist would provide economics backstopping as well as provide leadership for the analytical work forming the basis for a rural/agricultural development project that would be anticipated to begin in FY 98. The Agricultural Economist would also draw upon the NGO projects in implementation. The Program Assistant would provide the technical divisions responsibilities are related to the activities of the projects. The technical division as proposed would be headed by existing USDH staff and the M/F Division by an existing PSC Executive Officer. An existing vacant PSC position would be used to hire a Governance Advisor for the D/G Division. The IRE Division would not require any additional staff. The H/E Division would use a recently-vacated PSC position to add a technical specialist for the division in Primary Education. The PVO/E Division would propose adding a AAAS Environmental Advisor assuming that the position does not count against FTE levels. If it does, then the services of an Environmental Advisor would be obtained through an institutional contractor.

USAID/Cambodia presently has an approved staffing level of six USDH and 13 PSC positions, of which one USDH and three PSC positions are presently vacant. The implementation of the above organizational structure would require the filling of existing vacancies and the addition of one USDH Contracting Officer, a PASA Agricultural Economist, and one AAAS Fellow for the Environment. The new staff would be as follows:

- Positions to be filled from existing USDH or PSC positions:
  - USDH Supervisory PDO (with experience in program planning, project development and implementation, monitoring and evaluation, and grants) (OE funded): Position approved, NSDD-38 approval in process, SPAR required;
  - PSC Project Financial Analyst (program funded): Position approved, SPAR required;
  - PSC Governance Advisor (program funded): PSC slot exists, SPAR required; and

- PSC Education Advisor (program funded): New position, USAID/W approval required, SPAR required.
- New positions requiring an additional FTE:
  - USDH Contracts Officer (OE funded): New position, USAID/W and NSDD-38 approval required, SPAR required.
- New positions for which there is no current ceiling:
  - USDA PASA Agricultural Economist (program funded): New position, USAID/W and NSDD-38 approval required, SPAR required; and
  - AAAS Environmental Advisor (program funded): New position, USAID/W approval required, SPAR required.

In addition to the present and proposed USAID/Cambodia staffing levels presented above, the Mission will draw upon the services of support staff from RSM/EA, the ANE Bureau, and contractors as required to meet the needs of the program.

**Operating Expense Budget:** Given the staffing patterns approved for the fall of 1995, and assuming no additional increases in staffing, USAID/Cambodia proposes that its operating expense budget remain at the FY 94 level of \$1.6 million, plus an estimated 5% annual increase for inflation for FY 95 through FY 97. In addition, given the number of grantees and assistance recipients and the delays associated with assigning a PSC or USDH financial officer to implement internal controls and financial oversight, USAID/Cambodia requests an additional \$250,000 of OE for implementing financial internal control procedures, beginning in FY 95, augmented by 5% per year for inflation in FY 96 and FY 97, implemented through OE contracts or TDYs supervised by RSM/EA controller. The OE budget would need to be adjusted accordingly if the two additional positions proposed by USAID/Cambodia are filled. The proposed OE budget for the strategy period (rounded to the nearest \$0.01 million) is as follows:

**Table 9: Proposed OE Budget FY 94-97**

Fiscal Year	OE Required (\$ millions)
1995	1.94
1996	2.04
1997	2.14
<b>Total</b>	<b>6.12</b>

**VI. Implementation Timetable**

Table 10 provides an overview of proposed timetables for all activities, both existing and proposed, during the strategy period. Major emphasis is placed on rapid project design and start-up in order to maximize actual project impact during the critical remaining two years of the strategy period. The Family Health and Birth Spacing project was authorized in March FY 95. The proposed Primary Education, and Environment Projects and the amended Democratic Initiatives Project will all begin in FY 95. The Rural Roads/Infrastructure activity is slated to begin in FY 97.

**Table 10: Proposed Project Portfolio Timetable**

Project/Sector	FISCAL YEAR					
	1992	1993	1994	1995	1996	1997
442-0109 Emergency Roads Repair	XXXXXXXXXXXXXXXXXXXX					
442-0110 Technical Support	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX-> 01					
442-0111 Democratic Initiatives	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX-> 00					
442-0112 PVO Co-financing	XXXXXXXXXXXXXXXXXXXXXXXXXXXX-> 02					
442-0115 Family Health/Birth Spacing	XXXXXXXXXXXXXXXXXX-> 98					
442-0116 Assistance to Primary Education	XXXXXXXXXXXXXXXXXX-> 00					
442-0117 Environment Management	XXXXXXXXXXXXXXXXXX-> 99					
xxx-xxxx Rural Roads/Infrastructure Activity	XXX-> 99					

It is clear there will be an active project design and mobilization process to put the above program in place. In particular, both FY 95 and FY 96 will be a heavy period of activity. three project designs and one project amendment will be completed in FY 95. Although fully aware of the difficulties implied in implementing this schedule, USAID/Cambodia believes it must compress design at the outset of the approved strategy period. Given the high funding levels anticipated, the urgency of delivering significant support early in Cambodia's post-crisis transition, and that strategic objectives must be achieved by FY 97, there is simply no other choice. Table 11 shows the significant project design, assessment, procurement, authorization and obligation activities that will be required to implement the proposed program. Annex E details USAID/Cambodia's project development schedule for FY 95.

**Table 11: Major Project Actions During Strategy Period**

<b>FY</b>	<b>Assessment/ Evaluation</b>	<b>Design</b>	<b>Authorization/ Obligation</b>	<b>Procurement</b>
1994	Democratic Initiatives (Project Evaluation)	Family Health/ Birth Spacing	PVO Co-Fi Emergency Roads Democratic Initiatives Technical Support	Emergency Roads Democratic Initiatives PVO Co-Fi Technical Support
1995	Technical Support (Project Assessment)	Family Health/ Birth Spacing Democratic Initiatives (amendment) Primary Education Environmental Management	PVO Co-Fi Family Health/ Birth Spacing Primary Education Environmental Management Democratic Initiatives (amendment)	Family Health/ Birth Spacing Primary Education Environmental Management Democratic Initiatives PVO Co-Fi Technical Support
1996		Rural Roads/ Infrastructure	PVO Co-Fi Family Health/ Birth Spacing Primary Education Environmental Management Democratic Initiatives Technical Support Project	Primary Education PVO Co-Fi II Technical Support Democratic Initiatives
1997	Emergency Roads (Evaluation)		Rural Roads/ Infrastructure PVO Co-Fi	PVO Co-Fi II Democracy (amendment) Rural Roads/ Infrastructure

## VII. Contingency Scenarios

This section also supplements Section V. Resource Requirements (Program Funding Subsection)

As noted in Section V, USAID's strategy and subsequent Action Plan assume that annual funding levels will remain relatively constant between \$37 - \$40 million. This level is based on: (1) the historical levels; and (2) the amounts pledged at the annual ICORC meetings. At the March 1994 meeting the U.S. pledged that USAID would provide \$29.3 million in FY 94 and \$37 million in FY 95. At the February 1995 ICORC meeting in Paris, the U.S. announced USAID would make a best effort to provide an additional \$39.52 million, subject to Congressional action.

Inability to meet these funding targets could seriously undermine the USG's political objectives of maintaining peace and stability (both social and political) within in the region. The approved strategy sets forth a range of mutually-supportive activities which, collectively, are designed to establish and strengthen the underpinnings of democratic government. Making USAID/Cambodia undergo a substantial across-the-board cut would seriously impede achievement of political objectives in this Country in Transition to a democratic society. It is recognized by all donors, both bilateral and multilateral, that Cambodia will require at least a 10 year period in order to move from it's present stage to that of a "sustainable development" country and be in a position to compete developmentally and economically with its neighbors.

This being said, USAID/Cambodia also recognizes that decreased Agency funding will most likely result in cuts in even the most politically-sensitive countries. Thus, the following contingency resource requirements are offered. Our contingency planning examined three resource level scenarios: the current \$40 million level and two reduced levels of \$32 million (a 20% cut) and \$24 million (a 40% cut). All three scenarios assume that Cambodia will receive Country in Transition funds and that these funds will retain similar characteristics as ESF. (Note, however, that the mission has consciously designed and authorized all it's projects so that either DA or ESF funds can be absorbed in any of it's ongoing and planned activities.)

USAID/Cambodia also assumes that the reduced scenario levels will not take place in or affect FY 95 levels, although mortgage for ongoing and new starts in FY 95 must be taken into consideration for future planning. In addition, we must accept reality and acknowledge that not only budget constraints and reductions will affect our future funding, but more importantly and realistically, earmarks and discretionary funds as well.

With this as background, following are contingency resource requirements based on a \$32 million and \$24 million annual OYB for FYs 96 and 97. This scenario takes into account not only the mortgage, but political commitments which are relevant to sustaining an assistance program in Cambodia.

**Table 12: Contingency Scenario: 20% Reduction (\$32 Million OYB)**  
(U.S. \$ Thousands)

Project	1995	1996	1997
442-0109 Emergency Roads Repair	0	0	0
442-0110 Technical Support	0	5,200	4,000
442-0111 Democratic Initiatives	7,509	8,300	6,000
442-0112 PVO Co-Financing	11,991	4,000	4,000
442-0115 Family Health/Birth Spacing	7,500	4,000	4,000
442-0116 Assistance to Primary Education	5,000	10,500	6,000
442-0117 Environmental Management	5,000	0	0
xxx-xxxx Rural Roads/Infrastructure	0	0	8,000
<b>TOTALS</b>	<b>37,000</b>	<b>32,000</b>	<b>32,000</b>

**Table 13: Contingency Scenario: 40% Reduction (\$24 Million OYB)**  
(U.S. \$ Thousands)

Project	1995	1996	1997
442-0109 Emergency Roads Repair	0	0	0
442-0110 Technical Support	0	2,200	3,000
442-0111 Democratic Initiatives	7,509	9,300	7,000
442-0112 PVO Co-Financing	11,991	0	4,000
442-0115 Family Health/Birth Spacing	7,500	4,000	4,000
442-0116 Assistance to Primary Education	5,000	8,500	6,000
442-0117 Environmental Management	5,000	0	0
xxx-xxxx Rural Roads/Infrastructure	0	0	0
<b>TOTALS</b>	<b>37,000</b>	<b>24,000</b>	<b>24,000</b>

In FY 95 USAID plans three new starts (Family Health and Birth Spacing; Primary Education; and Environmental Management) and one major amendment (Democracy Initiatives). The FHABS project has already been authorized, but not obligated. Primary Education design is well along and should be completed in mid-June. Environmental Management has progressed to the point where it can be finalized and obligated in July. The democracy amendment has not been started as management resources have been first focused on finalizing the democracy strategy which is scheduled for review during the first week of May 1995.

At the reduced level scenarios, all new starts are deferred until either FY 97 or FY 98, when only one new start, Rural Roads/Infrastructure, is proposed respectively under each scenario. Also under consideration during FY 97 is the amendment to the PVO Co-Financing project, but at a reduced level and scope. No other new starts are proposed under either of the

reduced level scenarios until beyond FY 97, when three ongoing project (Primary Education, Family Health and Birth Spacing, and Democratic Initiatives) come to a close.

Under the \$32 million scenario, Rural Roads/Infrastructure is proposed for FY 97. Under the \$24 million scenario, Rural Roads/Infrastructure slips to FY 98. It is important to note that if the \$24 million scenario were to become a reality, the mission would have to reconsider it's strategic objectives and role in developing Cambodia as well as USG political objectives.

Under both scenarios, the timing of these new starts is deliberately geared to the post election years so as to (1) insure that sufficient resources will have been programmed to support the election process; and (2) allow the mission to fully fund it's ongoing FHABS and Primary Education projects at planned levels.

If further reductions are necessary, USAID/Cambodia would have to reduce the scope and LOP of FHABS and postpone the planned start of the new or follow-on PVO Co-Fi project until 1997. Alternatively, the duration of FHABS could be extended, although this would be inconsistent with the emergency response nature of USAID/Cambodia's program.

Finally, we emphasize that the two reduced scenarios are contingent upon not having earmarked or discretionary funds allocated to our program. If earmarked resources are allocated at the reduced OYB levels, then all of the above will have to be revised and the program will have to be reshaped to fit the character of money rather than being driven by strategy and need.

### **VIII. Program Phase-out Conditions**

The Administration has stated that its strategic interest in Cambodia is to promote a nation-building effort and consolidate the gains which have been achieved to date with the nearly \$1 billion which the U.S. Government has committed to Cambodia since the mid-1980s (including peace-keeping funds, refugee assistance, disaster assistance, military assistance and economic and humanitarian support). It is unrealistic to think that Cambodia can achieve a level of development which would lead to "graduation" from donor assistance any time in the next few decades. Rather the question of U.S. program assistance is more likely to be driven by budgetary realities and foreign policy objectives. U.S. economic assistance to Cambodia remains critical in terms of regional stability, its development impact, and as a statement of political support for the democratic transition for at least the next five to ten years.

## **Annex A: Performance Monitoring and Evaluation Plan**

In approving USAID/Cambodia's strategy, AA/ANE specifically exempted the Mission from fulfilling standard PRISM requirements (See Strategy Approval cable, Annex C). Nevertheless, the Mission understands that this exemption does not extend to achieving impact or reporting on it. However, because of problems related to insufficient or unreliable data, lack of staffing, and the security situation, the Mission is presently unable to specify program level outcomes at this time. To the degree staffing allows, the Mission remains committed to managing for results by reporting on project, or if appropriate, program level outcomes in the spirit of PRISM. USAID/Cambodia realizes the importance of having measures of program impact and plans to review progress toward broad program outcomes to assure that projects are being managed properly.

Due to the overwhelming workload within the Mission, no one from USAID/Cambodia was able to attend the Bangkok Managing For Results Workshop in 1994. USAID/Cambodia welcomes suggestions on how MFR might be applied in Cambodia, but requests that any such suggestions be tempered by an understanding of the difficulties inherent in establishing and implementing an information management system with limited staff in a country which in a country which lacks even the most rudimentary data infrastructure (per an ADB document dated June 1994, "There is currently no operating statistical system in Cambodia").

USAID/Cambodia has conducted two major evaluations/assessments, and USAID/Cambodia will continue to require reporting from contractors and grantees on a quarterly basis to provide information on achievement of desired outcomes. Site visits and analysis of RCG reports will be used to validate these reports. In addition, some projects (such as the family health and roads projects) will have built in assessments which will document achievement. However, in all projects the level of outcome to be monitored will be limited in comparison to USAID portfolios served by more sophisticated monitoring systems. USAID/Cambodia will rely on other available sources of data, including data from other donors, international lending institutions and occasional reports of the RCG. To the degree possible, gender-disaggregated information will be collected. Such data may not, however, be sufficient to make generalizations regarding the population at large. In the education project, for example, USAID/Cambodia will require documentation of the number of teachers trained, books printed, and supplies provided rather than assessments of literacy and school coverage. This will provide solid program management information on delivery of inputs from which impact on a higher level can be inferred. It may not be possible, however, for USAID/Cambodia to be able to infer any measurements of literacy on a national scale from anecdotal data collected in the implementation of this program. Likewise, in the family health and birth spacing project, USAID/Cambodia will monitor closely the distribution of contraceptives and the training of public and private providers of services. Again, information on the project implementation will be readily available, as will measures of contraceptive prevalence in specific limited areas, but these data will not be generalizable to national prevalence parameters. In the roads projects, it will be easy to monitor the number

of kilometers of roads constructed. However, estimates of impact on rural economic well-being and food security will remain problematic.

USAID/Cambodia is fully aware of the importance attached to measuring program outcomes rather than inputs. Nevertheless, the realities of the data situation in Cambodia (described in its strategy), the limits of present staffing levels, and the urgency of focusing all effort on a successful outcome to Cambodia's post crisis transition, will affect the pace at which USAID/Cambodia can begin measuring and reporting program impact. An additional USPSC or USDH staff position would be needed at a minimum if USAID/Cambodia were required to undertake a formal data collection and reporting effort in conjunction with program monitoring and evaluation -- beyond using data which are already available through contractor and NGO reports, site visits, and documents available from the RCG and other donors. However, even with additional staffing the value of inferences that could be drawn from the data collected would be highly questionable.

Despite the impracticality of measuring and monitoring results in the short-term, USAID/Cambodia has given considerable thought to the question of project outcomes and performance indicators and found the exercise of utility during the strategy development. USAID/Cambodia would welcome the support of RSM/EA and AID/W in trying to better employ the principles of MFR.

Below is a listing of illustrative performance indicators for project level outcomes that might make sense under Cambodian conditions, if sufficient resources were available. Nevertheless, it must be emphasized that due to its staffing shortage, USAID/Cambodia cannot collect, monitor, or analyze most of these data, aside from reporting which can be obtained from contractors and grantees implementing the program.

#### **Illustrative Performance Indicators for Project and Program Level Outcomes**

As previously noted, severe problems remain in both the measurement of impact on a general scale and inference from measures of performance of individual implementing organizations to national parameters of impact. Nonetheless, USAID/Cambodia has developed an illustrative set of indicators which might be used to examine project and/or program impact.

**STRATEGIC OBJECTIVE 1:** *To reinforce democratic gains by further strengthening the capabilities of public interest NGOs, processes and institutions and to strengthen Cambodia's capacity to govern by helping to establish legal, regulatory, and judicial systems.*

#### **Expected Program Outcomes:**

- establishment of an institutional framework for national elections, to be contested by viable political parties;

- a legislative process that is better coordinated, more responsive to the expressed needs of the electorate, and a National Assembly which functions more independently and effectively;
- increased access to legal, regulatory, and judicial organizations providing services that are perceived as more transparent, predictable, effective, and fair;
- increased access to and tolerance of public information, including that provided by all elements of the media;
- increased access to information and organizations providing services that affirm and promote human rights;
- improved capacity of policy making units in key development ministries sectors to generate and utilize information and analysis; and,
- increased opportunity for individuals, groups, and organizations to participate freely, effectively, and in an informed manner in shaping and realizing the national development agenda.

PROGRAM OUTCOME 1(A): Establishment of an institutional framework for national elections, to be contested by viable political parties.

- enactment of an electoral law by mid 1996;
- establishment of an electoral commission in keeping with the electoral law by late 1996;
- preparation of a timetable and plan for national elections by early 1997;
- the conduct of free and fair elections by the end of 1998 in accordance with the constitution.
- increased political party activities, especially in the provinces, in preparation for free and fair elections, as indicated by an increase in the number of active political parties, and increased party membership, enrollments and meetings;

PROGRAM OUTCOME 1(B): A legislative process that is better coordinated, more responsive to the expressed needs of the electorate, and a National Assembly which functions more independently and effectively.

- more democratic functioning of political parties in National Assembly deliberations, as indicated by growing oppositional voting patterns across one or more parties;
- increased participation of women in political processes, as indicated by an increase in the number of women members and leadership in political parties, the number of women candidates, and the number of elected women office holders;
- improved analysis of pending legislation, research capacity and law drafting ability at the National Assembly, as indicated by the number of reports and laws written by Cambodian staff at the Legal Research and Documentation Center;
- public input into the legislative process, as measured by the establishment of a public hearing process and an increase in the number of public hearings in the period 1995-98;

- increased contacts between members and constituents, as measured by the number of trips MP's make to their home provinces;
- better functioning NA commissions with an increased role in legislative review and passage, as measured by the number of substantive hearings and meetings held by key commissions, and an increase in the number of draft laws amended by the commissions, and;
- improved access for women and consideration of women's issues in the legislative process, as reflected by the number of gender-related issues addressed by the National Assembly and increased discussion in general of how legislation will impact the lives of women.

**PROGRAM OUTCOME 1(C):** Increased access to legal, regulatory, and judicial organizations providing services that are perceived as more transparent, predictable, effective, and fair.

- increased public understanding of and confidence in the legal system, the law and individuals' legal rights, especially by the rural poor, women, children and the illiterate, as indicated by the increase in the number of civil cases brought by private citizens to the formal justice system for resolution.
- increase in the number of trained judges, lawyers, technicians (clerks and recorders), and police who understand and can better perform their proper roles in the system, as indicated by the reduction in both the backlog of prisoners detained without hearings and the waiting time required for both civil and criminal trials to be held;
- establishment of a professional Public Defenders Association of licensed lawyers that is active in all of Cambodia's provinces, as measured by the number of poor litigants and the accused receiving free legal assistance;
- establishment of a functioning, broadly-inclusive Bar Association;
- more informed and independent decision-making by judges, as indicated by the increase in the number of criminal trials and convictions of members of the police, the military and the wealthy;
- improved rules and treatment of evidence, as measured by the increase in use of evidence other than witnesses in trials;
- better record-keeping and documentation of cases, as evidenced by the level of organization of case files and the number of trained clerical staff in the provincial courts;
- increase in the number of government employees knowledgeable in basic law, as measured by the amount of legal documentation in conformity with existing laws being performed within ministries;

**PROGRAM OUTCOME 1(D):** Increased access to and tolerance of public information, including that provided by all elements of the media.

- development of stronger associations of journalists which can interact effectively with government and which can clarify responsible ethical standards for its members;

- increased governmental tolerance of a free, responsible press, as evidenced by the passage of a new press law and its effective, transparent implementation;

**PROGRAM OUTCOME 1(E):** Increased access to information and organizations providing services that affirm and promote human rights.

- stronger and more numerous indigenous organizations involved in civic education and advocacy for human rights, as measured by the improved reporting of human rights abuses by local groups and the formal and informal interactions they have with the various levels of government;
- increased governmental attention to reports of abuse and positive action taken to address abuses, as measured by the number of government and military employees prosecuted and convicted in courts of law;
- constructive dialogue and negotiation between collective labor, the government and management, as indicated by the passage of an internationally acceptable labor law, the number of workers groups formed, and the positive role the government plays in enforcing labor regulations.
- better understanding in the general public of rights and responsibilities of citizens in a democracy, as indicated by the numbers of Cambodians joining NGO's, political parties and other associations, especially in the provinces.

**PROGRAM OUTCOME 1(F):** Improved capacity of policy making units in key development ministries sectors to generate and utilize information and analysis.

- number of key economic decisions based on analysis of data;

**PROGRAM OUTCOME 1(G):** Increased opportunity for individuals, groups, and organizations to participate freely, effectively, and in an informed manner in shaping and realizing the national development agenda.

- the promulgation of a law rationalizing the existence and operations of NGOs in Cambodia;
- enhanced networking and coordination between and among NGOs, as measured by the number of coordination meetings and joint actions taken;
- greater participation by women in advocacy activities, as evidenced by their increased membership in civic organizations and other NGOs.

**STRATEGIC OBJECTIVE 2:** *To promote sustainable broad-based economic growth by helping to establish an outward-looking market oriented policy framework.*

**Expected Program Outcomes:**

- Improved policy analysis and strategic planning in key economic ministries
- Improved policy formulation and implementation in key economic ministries

- Development and establishment of a new environmental code
- Enhanced environmental planning in RCG programming
- Rehabilitated farm-to-market roads which permit subsistence farmers to have access to agricultural inputs and markets, thus promoting food security
- Increased access to savings mechanisms and small-scale credit for microenterprises in rural areas

PROGRAM OUTCOME 2(A): Improved policy analysis and strategic planning in key ministries.

- Publication of strategic plans for key sectors in economic ministries
- Increase in the number of analytic studies related to the strategic agenda of economic ministries
- Presence of options papers for critical economic decisions
- Productive interactions with outside contacts including bilateral and multilateral donors, foreign investors, and financial institutions.

PROGRAM OUTCOME 2(B): Improved policy formulation and implementation in key economic ministries.

- Policy achievements in:
  - fiscal and monetary area
  - financial and capital markets
  - food and agriculture
  - efficiency and competitiveness
  - equity and participation
- Increased tax collections
- Promulgation of commercial laws and implementing regulations
- Distribution of higher percentage of government expenditures poorer regions

PROGRAM OUTCOME 2(C): Development and establishment of a new environmental code.

- Introduction of environmental legislation in the National Assembly
- Promulgation of implementing regulations (sub-decrees) for environmental code
- Publication of laws related to environmental impact
- Regular meetings between legislative staff of Ministry of Environment and the Ministry of Commerce and Industry related to environmental issues

PROGRAM OUTCOME 2(D): Enhanced environmental planning in RCG programming.

- Regular environmental impact assessments on capital projects across all ministries
- Enactment of legislation for environmental conservation
- Increase in number of indigenous environmental NGOs

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- Formal RCG environmental consideration process developed for project approvals
- Number of PVO studies and publications on environmental issues in Cambodia
- Appropriate environmental policy reform and planning formulated and implemented
- Increased governmental capacity to enforce newly enacted environmental legislation
- Environmental institutions (e.g., research, supervision, monitoring bodies) established or modified
- Environmental technologies identified and utilized
- Incentive structure for private firms developed
- Increase in listed private investments meeting environmental criteria

PROGRAM OUTCOME 2(E): Rehabilitated farm-to-market roads which permit subsistence farmers to have access to agricultural inputs and markets, thus promoting food security.

- Number of kilometers of rural roads increased
- Improved condition of rural roads
- Increase in capacity for road maintenance
- Adequate food supplies in markets

PROGRAM OUTCOME 2(F): Increased access to savings mechanisms and small-scale credit for microenterprises in rural areas.

- Number of loans to small entrepreneurs and rural dwellers increased
- Repayment rates of small loans improved
- Increase in number of rural institutions and service delivery points providing access to savings and credit
- Increased linkages between rural informal financial institutions and urban financial institutions
- Increased competitiveness of small and medium scale enterprises and their access to external and internal markets
- Increase in number of micro and small scale enterprises
- Expansion of micro and small scale enterprises
- Increase in number of viable rural institutions providing financial intermediation
- Improved policy and regulatory environment to support rural financial intermediation

PROGRAM OUTCOME 2(G): Strengthened private sector organizations effectively representing private sector interests before the Government and National Assembly.

[N.B.: Specific indicators for this project outcome remain to be finalized.]

PROGRAM OUTCOME 2(H): Establishment of a transparent set of rules, laws, and regulations that structure incentives to stimulate production and trade and provide the legal framework for growth.

[N.B.: Specific indicators for this project outcome remain to be finalized.]

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**STRATEGIC OBJECTIVE 3:** *To help increase access to basic family services by supporting programs and policies which help assure that rural citizens and vulnerable groups have this access and can participate in economic growth.*

**Expected Program Outcomes:**

- Strengthened primary education system through teacher training, provision of textbooks, supplies and materials, and policy-level technical assistance
- Enhanced access to basic services and humanitarian assistance by vulnerable groups in the areas of health, sanitation and potable water
- Improved family health programs on a national scale leading to improved health of women and children and increased access to safe and reliable modern methods of contraception
- Increased contraceptive prevalence by modern methods
- Stronger indigenous capacity to provide protection from mines over the medium to long-term
- Expanded support for, and increased capacity of, indigenous NGOs

**PROGRAM OUTCOME 3(A):** Strengthened primary education system through teacher training, provision of textbooks, supplies and materials, and policy-level technical assistance.

- Improved capacity of primary teachers
- Increase in numbers of textbooks available to primary students
- Increase in available supplies and materials for primary schools
- Improved curriculum in Khmer language and mathematics

**PROGRAM OUTCOME 3(B):** Enhanced access to basic services and humanitarian assistance by vulnerable groups in the areas of health, sanitation and potable water.

- Improved access to services by vulnerable populations
- Increases in economic well-being of vulnerable citizens

**PROGRAM OUTCOME 3(C):** Improved family health programs on a national scale leading to improved health of women and children and increased access to safe and reliable modern methods of contraception.

- People in high risk groups receiving treatment from professionals
- Knowledge by professionals of proper prevention practices
- Number of people receiving STD/AIDS counseling
- Number of women receiving pre-natal care
- National AIDS policy developed
- National information campaign on FP and AIDS
- National resources allocated to reproductive health



- Number of people receiving birth spacing services from the private sector
- Number of people receiving birth spacing services from the public sector
- Number of people paying for birth spacing services from the public sector
- Number of hospitals using fee-for-service schemes

PROGRAM OUTCOME 3(D): Increased contraceptive prevalence by modern methods.

- Contraceptive prevalence rate using modern methods
- Contraceptive prevalence rate using long-term methods
- Continuation rate for family planning methods
- Condom use rates

PROGRAM OUTCOME 3(E): Stronger indigenous capacity to provide protection from mines over the medium to long-term.

- Proportion of CMAC budget from non-donor sources
- Proportion of CMAC budget from other donor sources
- Increase in the number of hectares demined

PROGRAM OUTCOME 3(F): Expanded support for, and increased capacity of, indigenous NGOs.

- Increase in NGO revenues from local sources
- Increase in the number of NGOs with formal strategic plans
- Diversity in funding sources for indigenous NGOs

## ANNEX B: Other Donor Assistance

The following list of donor activities includes only the largest donors which participated at the 1992 Tokyo conference. Not included are commitments to support UNTAC, UNHCR, WFP and UNDP.

- Australia: Many small-scale projects through Australian NGOs, particularly in the areas of Community Development, English language instruction and agricultural improvement, including a project drawing on the expertise of the International Rice Research Institute (IRRI) of the RP.
- Austria: A soft loan for an undetermined amount for construction of the Kirirom Hydro-Power Plant.
- Canada: Community development projects through the Canadian-Cambodian Development Program (CCD) which will disburse funds to Canadian NGOs.
- Denmark: \$8 million through the Mekong Committee for rehabilitation of inland ports, including important ferry crossing in Stung Treng and Kompong Cham. \$2 million for cattle breeding and water supply improvement projects.
- EEC: \$10 million for a reintegration program in Battambang province.
- France: \$3.6 million for water and electricity supply projects in Phnom Penh. \$1.3 million for rubber sector development. \$1.2 million to Faculty of Medicine/Phnom Penh. \$250,000 for creation of a School of Commerce. Approximately \$100,000 for a School of Administration.
- Italy: \$5 million for rural resettlement through Italian NGOs. \$5 million for rehabilitation of the water and electricity supplies in Battambang City.
- Japan: Port and road rehabilitation. Various road repair "workshops" by Japanese construction companies, in coordination with UNDP. \$17.6 million to rebuild the Chung Chrab bridge across the Mekong near Phnom Penh by a Japanese construction company (this construction is now nearing completion). Provision of Japanese forestry and agricultural equipment. \$1.5 million for the rehabilitation of an agricultural research center in Battambang. Provision of various medical equipment to provincial hospitals throughout Cambodia. Food for internally displaced and refugees.
- Netherlands: Unspecified amount of fertilizer to generate revenue to be used to support the creation of a distribution system for fertilizers and agricultural support. \$2 million to NGOs (unspecified purpose). \$3 million to UNICEF with no conditions attached. \$4 million to UNDP with no conditions attached. \$3 million to WFP with no conditions attached.
- Sweden: \$1.5 million in fertilizer, similar to the Netherlands' plan above. \$5 million to UNDP for roads. \$21 million to unspecified International Organizations.

**Table B.1: ICORC Pledges Made at Tokyo in June 1992**

<b>DONOR COUNTRY</b>	<b>PLEDGE (U.S. \$)* Note 1</b>
Australia	40,000,000
Austria	11,500,000
Belgium	2,300,000
Brunei	600,000
Canada	14,700,000
China	10,000,000
Denmark	25,000,000
Finland	6,400,000
France	57,000,000
Germany	21,500,000
India	1,000,000
Ireland	800,000
Italy	22,300,000
Japan	150,000,000 to 200 million
Korea	300,000
Malaysia	400,000
Netherlands	31,000,000
New Zealand	500,000
Norway	10,500,000
Russian Federation	1,800,000
Sweden	38,000,000
Switzerland	7,000,000
Thailand	8,100,000
United Kingdom	30,000,000
United States of America	135,000,000
Others (A.B.C. etc)	<u>100,000</u>
<b>Country sub total:</b>	<b><u>625,800,000</u></b>
<b>MULTILATERAL: * Note 2</b>	
Asian Development Bank	80,600,000
EEC	40,200,000
UNDP	57,100,000
UNESCO	2,900,000
UNICEF	3,000,000
World Bank	<u>70,000,000</u>
<b>Multilateral sub total:</b>	<b><u>253,800,000</u></b>
<b>GRAND TOTAL: * Note 3</b>	<b><u>879,600,000</u></b>

\* Note 1 Figures include funds channelled through multilateral organizations and NGOs for repatriation and rehabilitation.

\* Note 2 Figures include only allocations from "core" resources.

\* Note 3 Figure excludes contributions to UNTAC.

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**Table B.2: Summary of the Planned Public Investment Program, 1995-96**  
(in millions of US dollars)

	1994			1995			1996			Total 1994-96						
	External Aid		Budget	Total	External Aid		Budget	Total	External Aid		Budget	Total				
	Official	NGOs			Official	NGOs			Official				NGOs			
<b>Activities Identified by Donors a/</b>																
Rural Development	22.9	20.0	42.9	1.6	44.5	7.0	6.4	13.4	0.8	14.2	6.4	6.0	12.4	0.6	13.0	71.7
Transport	60.3	0.0	60.3	1.0	61.3	61.3	0.0	61.3	1.5	62.8	19.2	0.0	19.2	0.8	20.0	144.1
Energy	17.2	0.0	17.2	0.7	17.9	27.8	0.0	27.8	1.3	29.1	0.0	0.0	0.0	2.5	2.5	49.5
Water Supply	8.1	0.0	8.1	0.8	8.9	12.7	0.0	12.7	0.7	13.4	9.0	0.0	9.0	0.7	9.7	32.0
Health	32.0	24.2	56.2	0.0	56.2	24.2	8.4	32.6	0.0	32.6	7.5	2.4	9.9	0.0	9.9	98.7
Education	18.0	12.9	30.9	0.2	31.1	12.9	12.5	25.4	0.5	25.9	10.4	12.4	22.8	0.4	23.2	80.2
<b>Total</b>	<b>158.5</b>	<b>57.1</b>	<b>215.6</b>	<b>4.3</b>	<b>219.9</b>	<b>145.9</b>	<b>27.3</b>	<b>173.2</b>	<b>4.8</b>	<b>178.0</b>	<b>52.5</b>	<b>20.8</b>	<b>73.3</b>	<b>5.0</b>	<b>78.3</b>	<b>476.2</b>
<b>Additional Needs b/</b>																
Rural Development			26.7	1.9	28.6		46.4	2.2	48.6		45.1	2.3	47.4		124.6	
Transport			6.3	0.0	6.3		11.0	0.2	11.2		15.5	0.5	16.0		33.5	
Energy			0.0	0.0	0.0		26.5	5.0	31.5		50.5	8.4	58.9		90.4	
Water Supply			0.1	0.0	0.1		6.6	0.2	6.8		15.4	0.5	15.9		22.8	
Health			3.9	0.2	4.1		12.1	0.4	12.5		18.4	1.0	19.4		36.0	
Education			1.5	0.0	1.5		1.5	0.3	1.8		2.0	0.4	2.4		5.7	
<b>Total</b>			<b>38.5</b>	<b>2.1</b>	<b>40.6</b>		<b>104.1</b>	<b>8.3</b>	<b>112.4</b>		<b>146.9</b>	<b>13.1</b>	<b>160.0</b>		<b>313.0</b>	
<b>Total Investment Program</b>																
Rural Development			69.6	3.5	73.1		59.8	3.0	62.8		57.5	2.9	60.4		196.3	
Transport			66.6	1.0	67.6		72.3	1.7	74.0		34.7	1.3	36.0		177.6	
Energy			17.2	0.7	17.9		54.3	6.3	60.6		50.5	10.9	61.4		139.9	
Water Supply			8.2	0.8	9.0		19.3	0.9	20.2		24.4	1.2	25.6		54.8	
Health			60.1	0.2	60.3		44.7	0.4	45.1		28.3	1.0	29.3		134.7	
Education			32.4	0.2	32.6		26.9	0.8	27.7		24.8	0.8	25.6		85.9	
<b>Total</b>			<b>254.1</b>	<b>6.4</b>	<b>260.5</b>		<b>277.3</b>	<b>13.1</b>	<b>290.4</b>		<b>220.2</b>	<b>18.1</b>	<b>238.3</b>		<b>789.2</b>	

a/ It should be emphasized that the size, composition, and trends of donor activity reflected in this table should be viewed as indicative of patterns resulting from project identification up to December 1, 1993, often in the context of a rapidly changing country situation. This report suggests a few changes in the program.

b/ Needs identified in this report.

Note: "Budget" represents estimates of cost incurred by the Government

**Table B.3: Donors' Projections of Disbursements a/**  
(in millions of US dollars)

	1993	1994	1995	1996	1994-96
	Projections				
<b>Commodity Aid and Budget Support</b>	<b>26.6</b>	<b>49.6</b>	<b>26.1</b>	<b>0.0</b>	<b>75.7</b>
ADB	3.5				0.0
IDA	0.0	12.5	12.5		25.0
Belgium		1.5			1.5
France	1.2				0.0
Germany		9.9	8.5		18.4
Italy		0.6			0.6
Japan	4.6	23.1	4.6		27.7
Netherlands	3.8				0.0
Sweden	2.5				0.0
United Kingdom	1.0	2.0	0.5		2.5
Special Budget Support b/	10.0				0.0
<b>Project Aid c/</b>	<b>85.4</b>	<b>147.1</b>	<b>63.2</b>	<b>4.5</b>	<b>214.8</b>
ADB	1.6	19.6			19.6
IDA		15.0	22.5		37.5
UNDP	19.0	20.0			20.0
Australia	5.3	12.3			12.3
Canada	1.7				0.0
Denmark	1.0	0.5	1.0		1.5
France	6.6	16.9	6.3		23.2
Germany	0.8	2.2	3.5	1.5	7.2
Italy	0.2	0.2	0.4	0.4	1.0
Japan	34.3	40.9	7.1		48.0
Sweden	1.0	3.3	3.0	1.4	7.7
Thailand	0.6				0.0
United Kingdom	4.1	2.6	2.0		4.6
United States	9.2	13.6	17.4	1.2	32.2
<b>Total</b>	<b>112.0</b>	<b>196.7</b>	<b>89.3</b>	<b>4.5</b>	<b>290.5</b>

a/ Official Donors' projections of their own disbursements, as of December 1, 1993.

b/ Budget support provided by donors through UNTAC

c/ Including technical assistance

Note 1 The data provided by donors are based on the knowledge donors had of their assistance program as of December 1, 1993. No attempt was made to include assistance which had not yet been confirmed. Also, the report assumes a different disbursement profile.

Note 2 The European Community's contribution amounted to US\$17 million in 1993. This amount is not added to the above total to avoid double counting.

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**Table B.4: Technical Assistance Requirements in Macroeconomic Management a/**

Domain	Required Assistance and Timing	Provider	Objectives and Comments
<b>Tax Policy and Administration</b>			
a. Senior fiscal advisor	Initial adviser in place April-July 1993. Expected replacement to start in January 1994.	IMF (Under ADB/UNDP Project)	General Macroeconomic and fiscal advice for Ministry of Finance.
b. Tax policy and administration mission	November 1993	IMF	Tax administration and tax policy experts to remain after mission.
c. Strengthening of tax administration	A short-term expert (4 months) to start from January 1994	IMF (Under ADB/UNDP Project)	
d. Tax policy adviser	A short-term expert (6 months) to start December 1993	IMF (Under ADB/UNDP Project)	To help implement the tax reform proposals.
e. Fiscal reform mission	Late 1993/early 1994	IMF	To establish agenda and timetable for fundamental fiscal and tax reform.
<b>Budgetary and Expenditure Control</b>			
a. Budgeting and expenditure control	In place since July 1992	World Bank UNDP	Development of new budget nomenclature and procedures beginning with 1994 budget.
b. Treasury operations	In place since July 1992	World Bank UNDP	Reinstate the Treasury in its traditional role. Development of new accounting procedures.
c. Public accounting	A short-term expert (4 months) needed for 4th quarter 1993	IMF (Under ADB/UNDP Project)	
d. Budget law	A short term expert (1 month) needed for 1st quarter 1994	IMF (Under ADB/UNDP Project)	
<b>Money and Banking</b>			
a. Central bank operations	Adviser in place since August 1992	SIDA/CDRI	Assist the NBC in implementing various institutional strengthening measures
	Adviser from Banque de France expected in January 1994	France	Adviser to the Governor of the Central Bank
b. Monetary policy	Adviser expected to be in place late 1993	IMF (Under ADB/UNDP Project)	Assisting the NBC in implementing monetary policy
c. Research and analysis	Adviser expected late 1993, for a 6-month period	IMF (Under ADB/UNDP Project)	Development of a research and analysis capability in the NBC
d. Accounting	Adviser expected late 1993, for a 6-month period	IMF (Under ADB/UNDP Project)	Development of a research and analysis capability in the NBC
e. Banking legislation	Adviser expected late 1993, for a 6-month period	IMF (Under ADB/UNDP Project)	To assist with revamping of the central bank law and other financial legislation

Table B.4: Technical Assistance Requirements in Macroeconomic Management (continued)

Domain	Required Assistance and Timing	Provider	Objectives and Comments
<b>f. Bank supervision</b>	In place for the period July-October 1993. New advisers expected in 1994.	IMF (Under ADB/UNDP Project)	A pre-requisite for ensuring financial sector soundness in view of the rapid proliferation of banks
<b>g. Financial sector study</b>	Short-term assistance to conduct studies audit	ADB to be confirmed	Study of financial intermediation, including rural credit  Audit to delineate responsibilities and assets between NBC and Foreign Trade Bank
<b>h. Monetary statistics</b>	Follow-up missions in 1994	IMF	To assist with implementation of recommendations of earlier missions
<b>i. Exchange markets</b>	Four to six months beginning in the 4th quarter 1993	IMF (Possibly under ADB/UNDP Project)	Advise on further development of the foreign exchange market and revamping of foreign exchange law. In association with the proposed merging of the official and parallel exchange markets
<b>Balance of Payments</b>			
<b>Balance of payments statistics</b>	A short-term expert (6 months) began late 1993	IMF	Necessary to establish the capability within the NBC to compile balance of payments statistics
<b>Debt Management</b>			
<b>Debt Management</b>	TA, logistical support over two-	To be determined	Create a debt office in the Ministry of Finance  Assist in debt management  This will require TA, computerized systems, logistical support
<b>Public Investment Programming</b>			
<b>a. Policy Formulation and Project Monitoring</b>	Resident TA, computerized system, logistical support, studies. Needed as soon as possible. Must be developed in parallel with PIB in MOF	To be determined with ADB	Help Ministry of Planning and sectoral ministries develop a policy formulation capability  Strengthen project monitoring units in sectoral ministries and ministries.
<b>b. Public Investment Budget (PIB)</b>	Two to three year assistance: resident and short-term TA, computer system in parallel with PIP system, logistical support	To be determined	Assist in setting up a Public Investment Budget directorate in MOF  Assist in managing the PIB, including counterpart funds generated by donors.

Table B.4: Technical Assistance Requirements in Macroeconomic Management (continued)

Domain	Required Assistance and Timing	Provider	Objectives and Comments
<b>Planning, National Statistics and Accounting</b>			
a. Planning	Resident Adviser for two years.	UNDP/ADB	Advise and train in macro-economic management and analysis, forecasting, and planning
b. Statistics	Resident adviser for two years.	UNDP/ADB	Assist in the development of systems for the collection and maintenance of national statistics
<b>Civil Service Reform</b>			
a. Policy formulation and preparation of implementation schedule	One short-term expert is presently in the field. A team of 5 to 7 experts due to arrive in January 1994.	UNDP (MDP) yet to be determined	<p>Assist the Government in (i) formulating its policy; (ii) preparing the outline of the reform program including an implementation schedule; and (iii) establishing a social safety net program for displaced civil servants</p> <p>Provide discussion papers and advice to the soon-to-be established Technical Commission for Civil Service reform</p> <p>Provide logistical support to the Technical Commission and to the ministry in charge of managing the Civil Service</p>
b. Control entry in the service	Immediate action is needed	To be determined	<p>Institute a probationary period for school graduates entering the Civil Service (following cessation of automatic recruitment) and develop training programs for them</p> <p>Prepare new rules and conditions of entry in the Civil Service</p> <p>Develop reform programs (including training and retraining programs) for schools catering for needs of the Civil Service</p>
c. Restructuring of pilot ministries	Immediate action is needed	To be determined. Possible ADB assistance <u>h</u> .	<p>Restructure and downsize the ministries of Planning and Civil Service to allow them to perform tasks resulting from their short-term agendas</p> <p>Provide them with needed technical assistance, logistical support, and targeted training once restructured <u>g</u>/</p>

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Table B.4: Technical Assistance Requirements in Macroeconomic Management (continued)

Domain	Required Assistance and Timing	Provider	Objectives and Comments
<b>Public Enterprise Reform</b>			
Public Enterprise Reform	Ongoing under UNDP/ADB project. Additional short-term support may be needed.	World Bank UNDP	Prepare a policy paper to be promulgated by June 30, 1994. In that context, prepare a policy paper specifically on privatization.
Inventory of cross debts.		To be determined with UNDP/ADB	Prepare diagnostic studies of enterprises slated to remain in the public sector.
		To be determined	Establish targeted safety net programs for displaced employees
		To be determined with UNDP/ADB	Perform asset valuation in the privatization process.
	To be identified	To be determined with UNDP/ADB	Prepare legal framework for SOEs
<b>Training Schools</b>			
a. Ecole Royale d'Administration	Assistance started in 1992	France	Renovation and equipment of the building  Retraining started in 1993, training will start in 1994
b. Ecole des Finances	Two resident experts and short-term missions. Assistance will start in January 1994.	France	France's support should allow preparation of needed reform program. More assistance could be needed during implementation.
c. School of Planning and Statistics		France	Assistance is needed to reform the school which is currently solely supported by the Government

ib) to be identified

a/ Including structural reforms such as Civil service and PEs, and the establishment of an appropriate legal framework for a market economy.

b/ ADB technical assistance to planning will play a role

c/ For the Ministry of Planning, this exercise is linked to Public Investment Programming.

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Table B.5: Key Economic Indicators, 1991-1996 a/

	1991	1992	1993	1994	1995	1996
			Est.		Projections	
	(changes in percent)					
Real GDP	7.6	7.0	5.7	7.5	7-8	7-8
GDP Deflator	107.4	75.5	104.2	4.3	5.1	5.1
Consumer prices (end-period)	87.9	176.8	54.8	9.0	5.0	5.0
Domestic liquidity	28.6	209.0	..	..	..	..
Net credit to Government	35.3	200.9	..	..	..	..
Velocity of money	19.0	16.3	..	..	..	..
Exports of goods (values in US\$) b/	116.7	-28.1	-38.5	93.0	33.0	25.0
Imports of goods (values in US\$) b/	-6.1	32.5	52.9	40.1	19.4	12.9
	(as ratio of GDP, unless otherwise specified)					
Budget revenue	4.4	6.2	5.4	7.6	8.1	8.8
Budget expenditure	7.8	9.9	11.6	14.3	15.0	15.0
Current expenditure	7.4	9.5	7.2	9.5	8.8	8.5
Capital expenditure	0.4	0.3	4.4	4.8	6.2	6.5
Current budget deficit c/	-1.2	-4.3	-1.8	-1.9	-0.7	0.3
Overall budget deficit d/	-3.4	-3.6	-6.1	-6.8	-6.9	-6.2
Foreign financing	0.5	0.1	4.9	7.1	6.9	6.2
Domestic financing	2.9	3.5	1.2	-0.3	0.0	0.0
(of which: bank financing)	1.1	4.5	0.8	-0.1	0.0	0.0
Domestic investment	9.4	9.8	15.5	17.6	19.6	20.4
Government investment	0.4	0.3	4.4	4.8	6.2	6.5
Non-government investment	9.0	9.5	11.1	12.8	13.4	13.9
Financing of investment	9.4	9.8	15.5	17.6	19.6	20.4
National savings	7.9	7.3	8.2	8.3	10.2	11.5
Foreign savings	1.5	2.5	7.7	9.4	9.4	8.9
External current account deficit e/ (in millions of US\$)	-27.7	-49.6	-147.7	-212.7	-236.2	-254.4
Foreign official financing f/ (in millions of US\$)	7.7	5.0	154.6	185.7	189.0	192.5
Gross official reserves g/ (in millions of US\$)	0.3	29.9	44.5	75.5	103.3	128.4
(in months of imports) b/	0.0	2.6	2.5	3.1	3.5	3.9
Official exchange rate h/ (riels per US\$, end-period)	520	2,000	2,200	2,600	..	..
				(USAID est)		
Memorandum item:						
Nominal GDP (in billions of riels)	1,336	2,508	5,413	6,069	6,856	7,744

a/ Budget and balance of payments do not include the debt service payments or arrears to bilateral official creditors.

b/ Excludes re-exports.

c/ On cash basis.

d/ On accrual basis.

e/ External current account deficit excluding official transfers.

f/ Includes IMF purchases and, in 1993,

funds for clearance of IMF arrears.

g/ Gross foreign reserves of the National Bank of Cambodia, its provincial branches, and the Foreign Trade Bank of Cambodia.

h/ For 1993, as of November 13, 1993.



**Annex C:  
USAID/Cambodia Strategy Approval Cable**

UNCLASSIFIED

OUTGOING TELEGRAM

U S AGENCY FOR INT'L DEV. TELECOMMUNICATIONS CENTER

PAGE 01 STATE 016699 211106Z 7244 020204 AID5391 ORIGIN AID-00

STATE 016699 211106Z 7244 020204 AID5391

BECAUSE THE PRESENT CONDITIONS IN CAMBODIA PREVENT THE GATHERING OF ADEQUATE BASELINE DATA, THE CAMBODIA PROGRAM WILL BE GRANTED AN EXEMPTION FROM PRISM AND PRISM-TYPE EXERCISES DURING THIS ENTIRE STRATEGY PERIOD. THE OAR SHOULD BEGIN, HOWEVER, TO ACCUMULATE DATA THAT COULD SERVE AS A BASELINE FOR FUTURE PERFORMANCE MEASUREMENT AS WELL AS TRY TO STRENGTHEN INSTITUTIONS THAT COULD COLLECT AND MONITOR RELIABLE DATA IN THE FUTURE. ALSO, THE NEXT COUNTRY STRATEGY FOR CAMBODIA WILL BE EXPECTED TO MEET THE NORMAL AGENCY PRISM REQUIREMENTS.

ORIGIN OFFICE ANEA-02 INFO PPAR-01 FAB-01 FM-01 ANOR-03 ANMS-01 AANE-01 PPCE-01 /011 AS TR 23/14272

INFO LOG-00 EAP-00 TEDE-00 /002R

DRAFTED BY: AID/ANE/EA: MHNHNG:MH APPROVED BY: AID/ANE/AA: MRCARPENTER ANE/DAA: GLAUDATO STATE/EAP/VLC: DHAETER (INFO) ANE/EA: JGILMORE PPC/CDIE: NVREELAND (INFO) ANE/PPH: TWARE (INFO) PPC/PAR: JSCHLOTTHAUER (INFO) AID/ANE/EA: JVERMILLION M/B/PB/C: NGRWITZ (INFO) DESIRED DISTRIBUTION: ANE/ENS: NGRAY (INFO) M/FM/CONT: TCULLY (INFO) -----9DF907 211106Z /38

3. THE MANAGEMENT AND STAFFING ISSUES RAISED BY THE STRATEGY AND DISCUSSED AT SEVERAL POST-STRATEGY REVIEWS AND SUBSEQUENTLY WITH USAID/CAMBODIA AND THE EMBASSY WILL BE ADDRESSED BY USAID/W ON A PRIORITY BASIS. CHRISTOPHER

R 211104Z JAN 95 FM SECSTATE WASHDC TO AEMBASSY PHNOM PENH INFO AEMBASSY BANGKOK

UNCLAS STATE 016699

AIDAC

E.O. 12336: N/A

TAGS: SUBJECT: APPROVAL OF USAID/CAMBODIA COUNTRY STRATEGY

1. USAID/W APPROVES USAID/CAMBODIA'S COUNTRY STRATEGY AS IT WAS PRESENTED IN JUNE 1994, PROVIDED THAT USAID/CAMBODIA MAKE REVISIONS TO THE DRAFT DOCUMENT TO

REFLECT GENDER ISSUES AS DISCUSSED DURING THE STRATEGY REVIEW

2. THIS APPROVAL OF USAID/CAMBODIA'S 1994-97 STRATEGY IS BASED ON REVIEW MEETINGS HELD IN JUNE 1994. AA/ANE MARGARET CARPENTER CHAIRED THE REVIEW WHICH INCLUDED USAID/CAMBODIA REPRESENTATIVE LEE TWENTYMAN AND REPRESENTATIVES FROM ANE, G, PPC, M, AND STATE/EAP.

3. THE COUNTRY STRATEGY FOLLOWS CLOSELY ON THE PROGRAMS ALREADY IMPLEMENTED BY THE OAR. THE STRATEGY ACCURATELY DESCRIBES THE FAST-CHANGING CIRCUMSTANCES IN CAMBODIA AND EFFECTIVELY OUTLINES A PLAN TO CONTINUE THE FLEXIBLE, RAPID-RESPONSE PROGRAM IN THIS HIGH-PROFILE COUNTRY. THE FUNDAMENTAL GOAL OF THE COUNTRY STRATEGY IS TO SUPPORT THE NATION-BUILDING PROGRAM OF THE RCG. THE STRATEGY'S THREE MAIN OBJECTIVES ARE TO STRENGTHEN PLURALISM AND

GOVERNANCE, TO SUPPORT BROAD-BASED ECONOMIC GROWTH, AND TO MEET TARGETED BASIC HUMAN NEEDS. THE STRATEGY INCLUDES NEW STARTS IN THE AREAS OF FAMILY HEALTH/CHILD SPACING, PRIMARY EDUCATION, THE ENVIRONMENT, FARM-TO-MARKET ROADS, AND AMENDING THE EXISTING DEMOCRATIC INITIATIVES PROJECT. APPROVAL TO PROCEED WITH NEW STARTS WILL BE SUBJECT TO NAD REVIEW.

4. GIVEN CAMBODIA'S RECENT HISTORY, THE COUNTRY STRATEGY CATEGORIZES USAID'S PROPOSED PROGRAM FOR CAMBODIA DURING

FY 94-97 AS A "POST-CRISIS TRANSITION" PROGRAM RATHER THAN A "SUSTAINABLE DEVELOPMENT" PROGRAM. USAID/W AGREES THAT THE USAID/CAMBODIA PROGRAM SHOULD QUALIFY AS A "POST-CRISIS TRANSITION" PROGRAM. FURTHER, USAID/W AGREES THAT,

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**Annex D:**  
**U.S. Statement at the March 1995 ICORC Meeting in Paris**

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DEPARTMENT FOR EAP/VLC

E.O. 12356: N/A TAGS: EAID, PHUM, KDEM, ECON, EFIN, IBRD, PGOV, MCAIP, CB, FR, JA SUBJECT: U.S. STATEMENT AT ICORC MEETING, 3/15/95

1. THE FOLLOWING STATEMENT WAS PREPARED FOR DELIVERY AT THE 3/15 MORNING SESSION OF INTERNATIONAL COMMITTEE ON THE RECONSTRUCTION OF CAMBODIA (ICORC), HELD IN PARIS 3/14-15/95, BY THE HEAD OF THE U.S. DELEGATION, MARGARET CARPENTER, ASSISTANT ADMINISTRATOR FOR ASIA AND THE NEAR EAST, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT. SEPTEL REPORTS ON ICORC PROCEEDINGS.

2. BEGIN TEXT: ON BEHALF OF THE U.S. GOVERNMENT, I WOULD LIKE TO THANK THE JAPANESE GOVERNMENT FOR ORGANIZING THIS MEETING, AND THE FRENCH GOVERNMENT FOR HOSTING US HERE IN PARIS.

3. THE THIRD INTERNATIONAL COMMITTEE ON THE RECONSTRUCTION OF CAMBODIA (ICORC) MARKS AN IMPORTANT POINT IN CAMBODIAN HISTORY. CAMBODIA HAS COME A LONG WAY SINCE THE SIGNING OF THE PARIS PEACE ACCORDS IN OCTOBER 1991. IN THIS SHORT PERIOD OF TIME, THE CAMBODIAN PEOPLE HAVE MOVED QUICKLY TO PUT DECADES OF

WAR AND DEPRIVATION BEHIND THEM. THEY HAVE EMBRACED DEMOCRACY AND A MARKET ECONOMY. IN 1993 THEY TURNED OUT IN OVERWHELMING NUMBERS TO VOTE IN THEIR FIRST FREE AND FAIR ELECTIONS, PAVING THE WAY FOR DEMOCRACY IN CAMBODIA.

4. IN A MERELY 18 MONTHS OF EXISTENCE, THE ROYAL GOVERNMENT HAS BEGUN TO STRENGTHEN ITS INSTITUTIONS AND RECONSTRUCT ITS INFRASTRUCTURE AND ECONOMY. DESPITE THE VIEWS OF SKEPTICS, THE GOVERNMENT HAS ACHIEVED REMARKABLE MACROECONOMIC STABILITY, AND THE CAMBODIAN PEOPLE ARE ENJOYING MUCH GREATER FREEDOM THAN EVER BEFORE. CAMBODIA HAS BECOME A DYNAMIC COUNTRY WITH PROSPECTS FOR RAPID GROWTH, DEVELOPMENT, AND GREATER ENGAGEMENT WITH ITS NEIGHBORS AND THE WORLD ECONOMY.

5. ALONG WITH THE REST OF THE INTERNATIONAL DONOR COMMUNITY, THE U.S. GOVERNMENT HAS STRONGLY SUPPORTED CAMBODIA'S HEROIC EFFORTS. IT IS ALSO IMPORTANT TO ACKNOWLEDGE THE VALUABLE CONTRIBUTION WHICH THE NGO COMMUNITY HAS MADE TO CAMBODIA AND ITS CITIZENS. WE BELIEVE THAT CAMBODIA HAS REACHED THE POINT OF NO RETURN IN ITS PATH TOWARD DEMOCRACY AND A FREE-MARKET ECONOMY. WE ARE COMMITTED TO MAINTAINING OUR SUPPORT FOR WHAT WILL CERTAINLY BE A LONG-TERM EFFORT.

6. BUT WE RECOGNIZE THAT THE ROAD AHEAD WILL NOT BE EASY. CAMBODIA FACES TREMENDOUS CHALLENGES IN CONSOLIDATING ITS GAINS TO DATE, IN SUSTAINING THE PACE OF REFORM AND RECONSTRUCTION, AND IN MAKING THE DIFFICULT CHOICES THAT WILL INEVITABLY ARISE IN THE FUTURE.

7. THE ROYAL CAMBODIAN GOVERNMENT DESERVES A GREAT DEAL OF CREDIT FOR ITS REALISTIC ASSESSMENT OF THE DEVELOPMENT CHALLENGES IT FACES. THE DOCUMENTS PREPARED FOR THIS MEETING, INCLUDING "IMPLEMENTING THE NATIONAL PROGRAMME TO REHABILITATE AND DEVELOP CAMBODIA," REFLECT CAREFUL ANALYSIS AND SETTING OF PRIORITIES. WE COMMEND THE ROYAL GOVERNMENT FOR ITS FOCUS ON THE NEED TO CONTINUE RESTRUCTURING THE ECONOMY, EMPHASIZING THE

RURAL ECONOMY AND CREATING THE NECESSARY CONDITIONS FOR PRIVATE-SECTOR DEVELOPMENT. WE ALSO SUPPORT ATTENTION TO HUMAN CAPACITY DEVELOPMENT, CIVIL-SERVICE REFORM, DEMINING, THE RULE OF LAW, AND FASTER IMPLEMENTATION OF DEVELOPMENT PROJECTS.

8. THIS IS A FULL AGENDA FOR THE ROYAL CAMBODIAN GOVERNMENT AND THE CAMBODIAN PEOPLE. TO ACHIEVE THEIR GOALS -- AND TO MAINTAIN THE SUPPORT OF THE DONOR COMMUNITY -- THEY MUST RECOGNIZE AND ADDRESS A NUMBER OF ISSUES.

9. FIRST, ON ECONOMIC REFORM, WE ARE PLEASED THAT

CAMBODIA HAS MADE CONSIDERABLE PROGRESS IN DEVELOPING A SOUND MACRO-ECONOMIC FRAMEWORK, A NECESSARY CONDITION FOR SUSTAINABLE GROWTH. WE HOPE THAT CAMBODIA WILL CONTINUE TO MEET THE CONDITIONALITIES OF THE IMF AND THE WORLD BANK. WE ARE CONCERNED ABOUT EXCESSIVE RELIANCE ON BORROWING TO BALANCE THE BUDGET, RATHER THAN REVENUE ENHANCEMENT. WE URGE THE GOVERNMENT TO ENSURE TRANSPARENCY AND COMPREHENSIVENESS OF ALL REVENUES AND EXPENDITURES IN THE BUDGET.

10. MEETING EXPENDITURE TARGETS WILL REQUIRE LIMITING EXPENDITURES, DESPITE PRESSURE TO SPEND FOR MILITARY PURPOSES, CIVIL-SERVICE SALARIES, AND FOR INVESTMENT IN

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SOCIAL PROGRAMS. INCREASED EXPENDITURES CAN ONLY BE ACCOMMODATED BY DIVERSIFYING THE REVENUE BASE AND ACCELERATING CIVIL-SERVICE REFORM. THE GOVERNMENT MUST ALLOCATE ITS RESOURCES TO CREATE A SMALLER, MORE COMPETENT WORK FORCE. A CIVIL SERVICE THAT EMBODIES HIGH PROFESSIONAL AND TECHNICAL STANDARDS, AND OPERATES WITH TRANSPARENT GUIDELINES, WILL CREATE A MORE STABLE ENVIRONMENT TO ENTICE FOREIGN PRIVATE INVESTMENT TO CAMBODIA.

11. OTHER MEASURES THAT WILL CONTRIBUTE TO A HEALTHIER ECONOMY INCLUDE CONTINUED PRIVATIZATION OF PUBLIC ENTERPRISES, DEMINING, REHABILITATION OF FARM-TO-MARKET ROADS, AND INFRASTRUCTURE DEVELOPMENT IN RURAL AREAS.

12. SECOND, WE HOPE THAT THE ROYAL GOVERNMENT WILL MOVE AHEAD WITH EFFORTS TO DEVELOP A UNIFIED LEGAL FRAMEWORK AND AN EFFECTIVE JUDICIAL SYSTEM. TO COMPLEMENT THE NEW

INVESTMENT LAW, IMPLEMENTING REGULATIONS MUST BE ENACTED, ALONG WITH LAWS AND POLICIES GOVERNING PROPERTY RIGHTS, CONTRACTING, DISPUTE SETTLEMENT, MORTGAGE, INSURANCE, LABOR AND MINING LAWS. THE JUDICIAL SYSTEM MUST ALSO BE MADE BOTH TRANSPARENT AND PREDICTABLE.

13. THIRD, SUSTAINABLE DEVELOPMENT IN CAMBODIA WILL REQUIRE MORE ATTENTION TO ITS HUMAN RESOURCES, PRIMARILY THROUGH IMPROVED EDUCATION AND HEALTH SYSTEMS, AND PARTICULARLY IN THE RURAL AREAS. HIGH MATERNAL AND CHILD MORTALITY AND RAPID POPULATION GROWTH WILL LIMIT PROSPECTS OF A HEALTHIER AND MORE PROSPEROUS POPULATION IN THE FUTURE.

14. FOURTH, WE URGE THE ROYAL CAMBODIAN GOVERNMENT TO TAKE DECISIVE STEPS TO MAKE GOVERNANCE MORE TRANSPARENT

AND ACCOUNTABLE. THE NATIONAL ASSEMBLY MUST ACCELERATE ITS LEGISLATION AGENDA. WE RECOMMEND THAT POLICY DECISION-MAKING BE A MORE OPEN PROCESS, ENGAGING LOCAL COMMUNITIES AND INSTITUTIONS IN ISSUES OF VITAL CONCERN TO THEIR FUTURE.

15. THE ROYAL CAMBODIAN GOVERNMENT ALSO HAS A RESPONSIBILITY TO ITS PEOPLE TO STRENGTHEN DEMOCRACY THROUGH PROTECTION OF HUMAN RIGHTS AND ELIMINATION OF CORRUPTION. WHILE CAMBODIA'S HUMAN RIGHTS RECORD HAS DEFINITELY IMPROVED IN THE LAST FEW YEARS, REPORTS OF RECENT ABUSE AND VIOLENCE ARE DEEPLY TROUBLING. FURTHER LEGAL AND JUDICIAL REFORMS WILL BE NECESSARY TO CODIFY

STANDARDS AND IMPROVE ENFORCEMENT.

16. OVERALL, THE ROYAL CAMBODIAN GOVERNMENT AND THE CAMBODIAN PEOPLE FACE DIFFICULT CHALLENGES. THEY WILL NEED FULL SUPPORT OF THE INTERNATIONAL COMMUNITY FOR THESE EFFORTS, PARTICULARLY IN LIGHT OF THEIR ON-GOING SECURITY PROBLEMS. TO ASSURE THE BEST USE OF LIMITED DONOR RESOURCES, WE STRONGLY ENDORSE THE WORLD BANK'S CALL FOR BETTER DONOR COORDINATION AMONG THEMSELVES AND WITH THE CAMBODIANS.

17. THE U.S. GOVERNMENT ALSO BELIEVES THAT IT IS TIME TO SHIFT FROM THE ICORG FORMAT TO A CONSULTATIVE GROUP CHAIRED BY THE WORLD BANK. THE CONSULTATIVE GROUP FORMAT IS MORE CONDUCTIVE TO A PRODUCTIVE TECHNICAL DIALOGUE. AS A TRANSITION, THE U.S. GOVERNMENT WOULD LIKE TO SEE A CONSULTATIVE GROUP MEETING NEXT YEAR IN PHNOM PENH.

18. IN SUM, WE COMMENT CAMBODIA'S PROGRESS, AND WE ARE

COMMITTED TO HELPING THE ROYAL CAMBODIAN GOVERNMENT AND THE CAMBODIAN PEOPLE. BUT OUR RESOURCES, AND THOSE OF THE INTERNATIONAL COMMUNITY, ARE LIMITED. WE WILL BE WATCHING CAMBODIA'S PERFORMANCE CLOSELY. CAMBODIA'S LONG-TERM FUTURE DEPENDS ON ITS ABILITY TO BECOME INDEPENDENT OF DONOR SUPPORT THROUGH A THRIVING PRIVATE SECTOR AND TRADE AND INVESTMENT LINKS IN THE ASIA-PACIFIC REGION. THE COUNTRY'S ECONOMIC DEVELOPMENT MUST BE UNDERPINNED BY MORE EFFECTIVE DEMOCRATIC INSTITUTIONS AND PROCESSES, INCLUDING RESPECT FOR HUMAN RIGHTS AND THE RULE OF LAW.

19. WE APPLAUD THE ROYAL CAMBODIAN GOVERNMENT FOR ITS ACCOMPLISHMENTS. CONTINUED AND ACCELERATED PROGRESS IN THESE AREAS WILL BE NECESSARY FOR STRONG INTERNATIONAL ASSISTANCE TO BE SUSTAINED.

20. THANK YOU.

21. END TEXT.  
HARRIMAN

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**Annex E:**  
**FY 95 Design/Implementation, and Procurement Plans**

**Project Title:** Cambodia Democratic Initiatives Project

**Project Number:** 442-0111

**Action:** Project Paper Supplement to increase LOP funding to \$30 million and project life by two years.

**Target Obligation Date:** 8-9/95

**Obligation Method:** Grants/Cooperative Agreements (RFA to be issued once PP Supplement authorized/approved).

**Timetable:** PP Supplement drafted in 12/94; currently being edited/revise.

**Project Committee:**

USAID/Cambodia: Ned Greeley (Project Officer), Ron Briggs (Project Manager)

US Embassy/Phnom Penh: Robert Porter (DCM)

USAID/Washington: Jim Vermillion (Desk), Michael Henning (Desk)

RSM/EA: Bob Rucker (Program Officer), Denny Robertson (PDO), Tom Stephens (O/RP), Jim Stanford (O/FIMS)

USAID/Philippines: Mark Ward (RLA)<sup>14</sup>

**Other:** Mission's D/G Strategy currently being finalized; should be completed 4/95 and reviewed with Action Plan (5/95). Approval venue to be determined (ad hoc DOA request made, but decision was withheld pending review of D/G Strategy).

**Project Title:** Cambodia Family Health and Birth Spacing (FHABS) Project

**Project Number:** 442-0115

**Action:** Project Paper.

**Target Obligation Date:** 5/95

**Obligation Method:** LSGA. Grants/Cooperative Agreements (RFA to be issued once LSGA signed).

**Timetable:** PP completed/approved/authorized 3/95. LSGA to be signed 5/95.

**Project Committee:**

USAID/Cambodia: Ned Greeley (Project Officer)

USAID/Washington: Jim Cumiskey (G/POP), Michelle Moloney (Health IDI)

RSM/EA: Denny Robertson (PDO); Jane Begala (Pop Fellow), Tom Stephens (O/RP), Jim Stanford (O/FIMS)

USAID/Philippines: Mark Ward (RLA)<sup>13</sup>

**Other:** FAA Section 110 waiver requested of AA/ANE 4/95.

**Project Title:** Cambodia Assistance to Primary Education (CAPE) Project

**Project Number:** 442-0116

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<sup>14</sup> Until a new Regional Legal Advisor (RLA) is posted to RSM/EA. USAID/Cambodia is relying on USAID/Cambodia is relying on USAID/Philippines for its RLA support.

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**Action:** Project Paper

**Target Obligation Date:** 6/95

**Obligation Method:** Grant Agreement; Grants/Cooperative Agreements (RFA to be issued once PP Supplement authorized/approved).

**Timetable:** PP under design; expected to be completed 6/95.

**Project Committee:**

USAID/Cambodia: David Leong (Project Officer), Kurt Bredenberg (Cluster School Expert)

USAID/Washington: Jim Hoxeng (G/HCD)

RSM/EA: Tom Stephens (O/RP), Jim Stanford (O/FIMS)

USAID/Philippines: Mark Ward (RLA)<sup>13</sup>

Other: Anne Dykstra (UNICEF)

**Other:** NAD reviewed and provisionally approved 3/95 (formal approval pending review of Action Plan 5/95); FAA Sec. 110 waiver may be required.

**Project Title:** Cambodia Environmental Management (CEM) Project

**Project Number:** 442-0117

**Action:** Project Paper

**Target Obligation Date:** 7/95

**Obligation Method:** Grant/Cooperative Agreements (RFA issued 3/95).

**Timetable:** Proposals due 6/95. Once reviewed, USAID will prepare documentation to satisfy remaining statutory requirements and authorize. Procedure consistent with USAID's Interim Guidance on Project Development (11/94).

**Project Committee:**

USAID/Cambodia: David Leong (Project Officer), Ira Dassa (Legal/Policy Advisor)

USAID/Washington: Jim Vermillion (Desk), Michael Henning (Desk)

RSM/EA: Tom Stephens (O/RP), Jim Stanford (O/FIMS)

USAID/Philippines: Mark Ward (RLA)<sup>13</sup>

**Other:** NAD reviewed 3/95. Sufficient concerns were raised that provisional NAD approval could not be given. As of this submission, however, USAID/W comments have not been provided so USAID/Cambodia is uncertain as to what concerns are.

**USAID/Cambodia FY 95 Procurement Plan for Current and Proposed Projects**

Project Office	Project No.	Project Name	Project Officer	Contract Office	Requirement Description	Est. PIO Amount (\$000)	Priority	Est. PIO Receipt Date	Proposed Target Award Date	Instrument Type	Est. Total Value (\$000)	Original Award No.	Cognizant Technical Office	Competitive
Phnom Penh/Program (442)	442-0109	Emergency Roads	Dominic D'Antoinio	RSM/EA/RP	US-PSC for Engineer	425	1	4/94 (442-0109-3-30126)	1/95	PSC	425	N/A	USAID/Cambodia/Program (Infrastructure)	Y
Phnom Penh/Projects (442)	442-0110	Technical Support	Ned Greeley/Ron Briggs	RSM/EA/RP	Grant to JHRLG for Court Reform Project	\$2.12 million	1	11/94	12/94	G	\$2.12 million		USAID/Cambodia/Projects (D/G)	N
Phnom Penh/Projects (442)	442-0110	Technical Support	Ned Greeley/Ron Briggs	RSM/EA/RP	Grant to ABA for legal technical assistance	\$1 million	1	12/94	1/95	G	\$1 million	N/A	USAID/Cambodia/Projects (D/G)	N
Phnom Penh/Projects (442)	442-0110	Technical Support	Ned Greeley/Ron Briggs	RSM/EA/RP	Contract/Buy-In through DAI for CDC/CIB assistance	\$1.5 million	1	11/94	6/95	MOD-C/BI	\$1.5 million	N/A	USAID/Cambodia/Projects (D/G)	Y
Phnom Penh/Projects (442)	442-0110	Technical Support	Ned Greeley	RSM/EA/RP	Democracy Project manager PSC renewal	100	1	11/94	12/94	MOD-PSC	100	N/A	USAID/Cambodia/Projects	N
Phnom Penh/Projects (442)	442-0110	Technical Support	Ned Greeley/Ron Briggs	RSM/EA/RP	Invitational Travel for State D/G strategy consultant	10	1	N/A	11/94	N/A	10	N/A	USAID/Cambodia/Projects (D/G)	N
Phnom Penh/Projects (442)	442-0110	Technical Support	Ned Greeley	RSM/EA/RP	Contract/Buy-In through DAI for Electricity Law	100	1	11/94	12/94	MOD-C/BI	100	N/A	USAID/Cambodia/Projects (D/G)	N
Phnom Penh/Projects (442)	442-0110	Technical Support	Ned Greeley	RSM/EA/RP	PSC renewal	100	1	1/95	1/95	MOD-PSC	100	N/A	USAID/Cambodia/Projects	N

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Project Office	Project No.	Project Name	Project Officer	Contract Office	Requirement Description	Est. PIO Amount (\$000)	Priority	Est. PIO Receipt Date	Proposed Target Award Date	Instrument Type	Est. Total Value (\$000)	Original Award No.	Cognizant Technical Office	Competitive
Phnom Penh/PDO (442)	442-0110	Technical Support	David Leong	RSM/EA/RP	Short-term local hire PSC for design assistance (Education) for Assistance to Primary Education Project (442-0116)	45	1	12/94	2/95	PSC	45	N/A	USAID/Cambodia/PDO	N (may limit to overseas)
Phnom Penh/PDO (442)	442 0110	Technical Support	David Leong	RSM/EA/RP	Short-term local hire PSC for design assistance (Environment) for Environmental Management Project (442-0117)	45	1	12/94	2/95	PSC	45	N/A	USAID/Cambodia/PDO	N (may limit to overseas)
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	FY 95 incremental funding for Action Internationale Contre le Faim/USA	480.558	2	2/95	4/95	MOD-I	1,942	442-0112-G-00-4503	USAID/Cambodia/Projects	N
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	FY 95 incremental funding for Family Planning International	1,000	2	2/95	4/95	MOD-I	4,925	442-0112-G-00-4506-00	USAID/Cambodia/Projects	N
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	FY 95 incremental funding for International Rescue Committee	651 320	2	2/95	4/95	MOD-I	2,064	ANE-0102-G-00 1031-00	USAID/Cambodia/Projects	N
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	FY 95 incremental funding for PACT/JSI	3,500	2	2/95	4/95	MOD-I	\$17.18 million	0104-A00-1187	USAID/Cambodia/Projects	N

Project Office	Project No.	Project Name	Project Officer	Contract Office	Requirement Description	Est. PIO Amount (\$000)	Priority	Est. PIO Receipt Date	Proposed Target Award Date	Instrument Type	Est. Total Value (\$000)	Original Award No.	Cognizant Technical Office	Competitive
Phnom Penh/PVO (442)	442 0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	FY 95 incremental funding for Population Services International	902 143	2	2/95	4/95	MOD-I	2,533	442-0112-CO-0-45-05	USAID/Cambodia/Projects	N
Phnom Penh/PVO (442)	442-0112	PVO Co Financing	Antoinette Ferrara	RSM/EA/RP	Grant Modification for Medecins Sans Frontiers	20	1	11/94	11/94	MOD-TEC	1,700	442-0100-G-00-2358-00	USAID/Cambodia/Projects	N
Phnom Penh/PVO (442)	442 0112	PVO Co Financing	Antoinette Ferrara	RSM EA/RP	Grant Modification for American Red Cross	90	1	12/94	1/95	MOD-TEC	3,151	ANE-0102-G-00-1039-00	USAID/Cambodia/Projects	N
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	Grant to Handicap International	275	1	11/94	12/94	G	275	N/A	USAID/Cambodia/Projects	N
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to draft and clear Request for Applications (RFA) <b>N.B.:</b> <b>Although not a direct procurement action, this assistance is essential for the contract actions described below.</b>	N/A	1	11/94	12/94 (RFA issuance)	RFA	\$10 million	N/A	USAID/Cambodia/Projects	Y
Phnom Penh PVO (442)	442-0112	PVO Co Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia, Projects	Y

Project Office	Project No.	Project Name	Project Officer	Contract Office	Requirement Description	Est. PIO Amount (\$000)	Priority	Est. PIO Receipt Date	Proposed Target Award Date	Instrument Type	Est. Total Value (\$000)	Original Award No.	Cognizant Technical Office	Competitive
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y
Phnom Penh/PVO (442)	442 0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y
Phnom Penh/PVO (442)	442 0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM EA RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est.)	1	5/95	7/95	G	\$1 million (est.)	N/A	USAID/Cambodia/Projects	Y

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Project Office	Project No.	Project Name	Project Officer	Contract Office	Requirement Description	Est. PIO Amount (\$000)	Priority	Est. PIO Receipt Date	Proposed Target Award Date	Instrument Type	Est. Total Value (\$000)	Original Award No.	Cognizant Technical Office	Competitive
Phnom Penh/PVO (442)	442-0112	PVO Co-Financing	Antoinette Ferrara	RSM/EA/RP	RCO assistance to negotiate & draft grant agreements	\$1 million (est )	1	5/95	7/95	G	\$1 million (est )	N/A	USAID/ Cambodia/ Projects	Y
Phnom Penh/PVO (442)	442-0112	PVO Co Financing	Antoinette Ferrara	RSM/EA/RP or USAID, Cambodia	Project Technical Advisor assistance (to review proposals)	40	1	1/95	2/95	PSC	\$10 million	N/A	USAID/ Cambodia/ Projects	Y
Phnom Penh/Projects (442)	442 0115	Family Health and Birth Spacing	Ned Greeley	RSM/EA RP	RFA for project implementation	TBD	1	5/95	9/95	G	\$20 million	N/A	USAID/ Cambodia/ Projects	Y
Phnom Penh/PDO (442)	442-0116	Assistance to Primary Education	David Leong	TBD	RFP for school materials	TBD	2	8/95	12/95	RFP (probably 8(a))	\$30 million	N/A	USAID/ Cambodia/ PDO	N
Phnom Penh/PDO (442)	442-0116	Assistance to Primary Education	David Leong	USAID/W	RFP or RFA for project implementation	TBD	1	8/95	12/95	RFP/RFA	\$30 million	N/A	USAID/ Cambodia/ PDO	Y
Phnom Penh/PDO (442)	442-0117	Environmental Management	David Leong	RSM/EA/RP	Grant or Cooperative Agreement for project implementation	Initially unfunded	1	2/95	7/95	G	\$10 million	N/A	USAID/ Cambodia/ PDO	Y

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