



History of USAID in Cambodia

USAID's current program in Cambodia traces its roots to humanitarian assistance activities in support of Cambodian non-communist resistance groups beginning in 1986. U.S. assistance to Cambodia accelerated sharply after the signing of the Paris Peace Accords in 1991, which in turn led to the re-opening of the USAID/Cambodia Mission in 1992. Since that time, USAID has provided nearly \$500 million in support of Cambodia's development.

With the establishment of a full-scale Mission, USAID also began a more strategic approach, one that recognized the long-term development requirements of Cambodia. While the initial focus was on meeting basic human needs across the country, programs were also developed to support the UN-sponsored move to establish a freely elected government. In these circumstances, there was understandable interest in building the foundations for democratic governance while also putting Cambodia on a path toward more sustained economic growth. Improved health and education services also emerged as a key concern. From the outset, funding was primarily delivered through contracts and grants to private voluntary organizations (PVOs) or international organizations—a pattern that continues to this day.

The early years were dominated by the United Nations Transitional Authority in Cambodia (UNTAC), the organizational embodiment of the Paris Peace Accords. UNTAC's main task was to provide essential administration and security functions in the country long enough to conduct national elections. UNTAC was the most complex—and, at \$1.9 billion over two years, the most expensive peacekeeping operation in the UN's history, involving 22,000 civilian and military peacekeepers from 46 countries. Its prime mission was to create conditions for "free, fair, and open" national elections to choose a new government.

The first election was successfully held in May 1993 and involved wide participation among all segments of the Cambodian population. This was followed by adoption of a new constitution, the seating of a National Assembly, and the coronation of King Sihanouk in September 1993. National reconciliation was incomplete, however, in part because the disarming and demobilization of the various military forces did not take place as planned.

Having financed a large share of the UNTAC operation, the U.S. had a significant stake in preserving the fragile peace and democracy that prevailed from the time of the elections in 1993 up to the political upheavals of July 1997. During that period, based on strong economic growth and a continuing fragile peace, USAID shifted to a more sustainable and long-term development program. The U.S. was the second largest bilateral donor in Cambodia throughout much of this period, trailing only Japan. Other important bilateral donors included Australia, France, the Netherlands and Sweden, among many others. Both the World Bank and the Asian Development Bank have also been heavily involved.

When Second Prime Minister Hun Sen ousted his coalition partner First Prime Minister Ranariddh in a violent military clash in early July 1997, the result was a dramatic shift and setback for the evolving USAID development program. The U.S. temporarily suspended two-thirds of its \$37 million program until the government made measurable progress toward free and fair elections. The only activities left in place were those that were demonstrably humanitarian in nature or promoted the democratic process.

In this climate, preparations began for new national elections. USAID helped, in part by providing support to three indigenous election monitoring organizations that worked to raise voter awareness. The groups also fielded over 22,000 monitors countrywide for the national elections, held on July 26, 1998. More than 93% of all registered voters participated. The ruling Cambodian People's Party (CPP) won the majority of votes. However, it failed to win the two-thirds majority needed to form a new government.

Tensions remained high and sporadic political violence occurred throughout a four-month deadlock. Then, on November 30, 1998 a coalition government was formed between Hun Sen's CPP party and Prince Ranariddh's FUNCINPEC party. Following the formation of the government, the National Assembly and a newly formed Senate began operating; other donors returned to respond to Cambodia's request for development assistance; and the Royal Government of Cambodia announced its intentions of embarking on a path toward reform. Subsequent elections—held in July 2003—also resulted in a political deadlock, this one taking almost a year to resolve. Once again, the CPP emerged with the most seats in the National Assembly but had to rely on FUNCINPEC to form a viable government.

While USAID programs in Cambodia have evolved over time, policy and legislative restrictions continue to have an important impact. The USAID program is largely implemented through partnerships with a variety of non-governmental organizations (NGOs) and private voluntary organizations (PVOs), both international and indigenous.

Exceptions to this general approach are effected on a case-by-case basis and guidance is provided in part through annual aid appropriation bills that are approved by the U.S. Congress. In 2000, USAID was authorized to engage directly with the Government of Cambodia on issues related to HIV/AIDS. In 2002, this authority was extended to include programs related to basic education and trafficking as well.

Given the changes taking place within Cambodia as well as the increased Congressional authority to engage at various levels of the Cambodian government in some key areas, USAID reviewed its Cambodia program and determined it was appropriate to develop a three-year Interim Country Strategic Plan. During 2001, in preparation for the new Country Strategic Plan, USAID carried out in-depth assessments on democracy and governance as well as population, health and nutrition, including HIV/AIDS. A preliminary assessment for basic education was also prepared. Three strategic objectives were also established as part of the new USAID Cambodia Interim Country Strategic Plan (2002-2005), one promoting democracy and good governance, a second focused on health and a third emphasizing basic education.

With the Interim Strategy concluding in September 2005, USAID/Cambodia recently prepared a new strategy covering the period October 2005 and beyond. The document was approved in Washington in June 2005, setting the stage for a program that focuses on three main concerns: good health; good education; and good governance. Recent increases in program funding make the new strategy especially relevant. In fact, USAID funding levels in 2004 and again in 2005 exceed \$55 million—the highest levels of USAID funding since 1993, when USAID assistance for Cambodia reached \$61 million.