



Integrated Country Strategy

Cambodia

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1. Chief of Mission Priorities

Since July 2017, Cambodia has moved from a flawed, but aspiring, democracy with a relatively free civil society to an increasingly authoritarian government, backed by Russia and China. The aging senior leadership, afraid of losing power after four decades, swiftly ended competitive elections, annulled the results of two major elections, banned opposition members from politics, harassed and arrested human rights defenders, closed independent media outlets, and continues to stifle dissent. Absent unanticipated developments, these measures will remain for the next few years, making program implementation, cooperation, and diplomacy more difficult.

At the same time, Cambodian demographics run strongly in our long-term interests. Engaging the vast, dynamic, pro-western under-40 cohort is the best opportunity to reverse this short-term trend, influence the inevitable political transition to a new generation of leaders, and achieve key U.S. security, economic, and foreign policy priorities in the region. We will continue to seek Cambodia's development as a stable, democratic, and prosperous partner in the Southeast Asian region. We will achieve these goals by drawing on our soft-power strengths and targeted development assistance that demonstrates our commitment to the Cambodian people. Our social media programs promote U.S. values and priorities, including challenging anti-U.S. rhetoric influenced by China and Russia, and inspiring and supporting youth—especially women—to become a more skilled, international, and enlightened generation of leaders. If the U.S. is to remain influential in Cambodia, it must remain a viable option and partner for the next generation.

We aim to continue the programs and engagements that define and create appeal for America's commitment to the Cambodian people. Despite two decades of robust growth, inequality, widespread corruption, and inadequate education continue to limit economic opportunity for most Cambodians. Despite impressive achievements in reducing maternal mortality and expanding access to HIV treatment, health and nutrition challenges remain. Cambodian security and law enforcement forces have yet to become responsible and capable regional actors. Together, these obstacles prevent Cambodia from achieving its potential as a secure, productive, and healthy regional partner that upholds principles inherent in a free and open Indo-Pacific region. Continued U.S. engagement across this spectrum of activities remains critically important, especially with less ideological technocrats whom we hope will eventually rise into leadership roles.

We will continue efforts to improve Cambodia's regulatory and economic environment, increasing transparency and greater access for U.S. exports. Mission programs supporting PEPFAR, GHI, and PMI will reduce health and human development constraints, improve food security and resiliency, and conserve the country's natural resources. We will maintain assistance for humanitarian war legacy issues, such as clearing unexploded ordnance, and combating transnational threats, preparing peacekeepers, and training military personnel to

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respect human rights and act professionally. These activities will maintain our contact with key security force personnel while simultaneously promoting core U.S. principles.

The recent political crackdown has caused difficulties for our traditional democracy programs. Therefore, we will work to achieve these same goals by other means: by expanding our support for aspiring partners and credible voices from the private sector, entrepreneurs, and civil society—particularly women and youth—to incentivize reforms, foster social entrepreneurship and innovation, and strengthen networks and coalition building to improve democracy, human rights, and governance in Cambodia. This political crackdown includes the passage of several legislations including the Law on Associations and Non-Government Organizations (LANGO), the Trade Union Law (TUL), and the Law on Political Parties, all of which have been erroneously applied by the Cambodian government in order to undermine human rights, fundamental freedoms, and democratic principles. The Cambodian government's increasingly anti-American and pro-China messaging, utilizing propaganda to portray the United States as a poor partner and China as an ideal one, represents a challenge. With a pro-government media, the U.S. Embassy must increasingly rely on its broad social media presence to counter government-produced disinformation. The Embassy needs more resources to advocate for free, fair, and reciprocal trade and investment policies, to promote a free and open Indo-Pacific, and to support democracy. Cultural and youth engagement programs also remain some of the most effective methods to counter negative narratives by showcasing American values and our commitment to Asia.

Finally, the shape of Cambodia's society and government will be different in five or ten years. A new generation of forward-looking Cambodians is emerging—young men and women who take seriously their democratic rights and responsibilities, their education, and their economic and technological potential. The U.S. offers skills, connections, and possibilities for this generation unmatched by any other country. Our Mission aims to catalyze and shape this new generation as it matures and assumes leaderships roles, bringing better skills, an increasingly enlightened and modern approach to governance, and a more balanced regional outlook to Cambodia's foreign policy. In order to ensure this generation looks beyond the dispiriting present to a better future, the U.S. needs to stay engaged across our traditional platforms of assistance and influence and continue to invest in development programs, public diplomacy, and humanitarian efforts.

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2. Mission Strategic Framework

Mission Goal 1:	Advance American influence by engaging with the next generation of Cambodian leaders to lay the foundation for a more democratic future.
Mission Objective 1.1:	Influence future leaders to shape perceptions of the United States through education; technical assistance; support to civil society, youth, entrepreneurs, and women; and increased understanding of U.S. culture and values through exchanges.
Mission Objective 1.2 (CDCS DO1):	Strengthen credible voices to promote fundamental democratic principles and human rights.
Mission Goal 2:	Economic growth and trade: advance U.S. business interests and Cambodia's economic growth.
Mission Objective 2.1:	Open new opportunities for U.S. business by promoting greater industrial development and economic diversification through increasing bilateral trade and investment and facilitating legitimate travel to the United States.
Mission Objective 2.2:	Improve Cambodia's regulatory, labor, and economic environment, increasing transparency and providing greater access for U.S. exports; promote entrepreneurship.
Mission Goal 3:	Preserve peace and security, and protect the homeland.
Mission Objective 3.1:	Increase professionalism of the next generation of Cambodian security leaders in the police and military; promote U.S. law enforcement priorities in Cambodia; secure U.S. borders and protect U.S. citizens; continue to support the reduction of explosive remnants of war as a humanitarian and war legacy priority; resume joint activities to identify Vietnam War era missing in action personnel; provide physical security and stockpile management assistance; and improve the responsiveness of the Cambodian government to and health security threats.

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Mission Objective 3.2:	Influence Cambodia to act as a responsible bilateral, regional, and international partner that supports U.S. security interests. Cambodia returns to choosing the United States as its security partner of choice.
Mission Goal 4:	Sustainable development: accelerate Cambodia's transformation to a healthy and prosperous country.
Mission Objective 4.1 (CDCS DO 2):	Improve health and education with a focus on vulnerable populations.
Mission Objective 4.2 (CDCS DO 3):	Strengthen sustainable and resilient pathways out of poverty.
Management Objective 1:	Utilize management controls and available Department resources to ensure efficiency, effectiveness, and improved service delivery.
Management Objective 2:	Ensure the Mission's communications infrastructure promotes increased public impact and internal efficiencies by better use of existing systems and by adopting new technology.

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3. Mission Goals and Objectives

Mission Goal 1: Advance American influence by engaging with the next generation of Cambodian leaders to lay the foundation for a more democratic future.

Description and Linkages: Pillar IV of the 2017 National Security Strategy is Advance American Influence, which recognizes that as a force for good throughout its history, America will use its influence to advance our interests and benefit humanity. In the past eighteen months, Cambodia has experienced a precipitous decline in press freedoms and freedom of speech, and has experienced greater influence from outside actors, particularly China. In addition, in passing the FY2018 Omnibus Appropriations bill, Congress called for public diplomacy funds in Cambodia to be used for countering Chinese influence campaigns in the country, particularly in the Khmer language. Banking on the popularity of U.S. culture and values among Cambodians, especially the younger generations, the Mission will continue to implement programs that empower young leaders, promote democratic values, and ensure that we champion our values—including the rule of law and individual rights—that promote strong, stable, prosperous, and sovereign states. Further, by promoting and protecting human rights and building a strong civil society, the Mission is promoting American leadership through balanced engagement, which is Goal 3 of the State-USAID Joint Strategic Goal Framework. This work also strengthens democratic governance and civil society and contributes to Goal 5 of the East Asia and the Pacific Joint Regional Strategy.

Mission Objective 1.1: Influence future leaders to shape perceptions of the United States through education; technical assistance; support to civil society, youth, entrepreneurs, and women; and increased understanding of U.S. culture and values through exchanges.

Justification: The United States continues to enjoy high approval ratings among the Cambodian public and is particularly popular among Cambodia's large youth population, which is increasingly vocal about the need for economic and social development. While the government has increasingly shifted away from the United States and towards other actors such as China, this popularity offers a prime opportunity to influence future leaders. Young Cambodians tend to be concerned about increasing Chinese involvement in Cambodia, and yearn for the democratic rights enjoyed by Americans. They further have a strong desire to study in the United States, but face significant academic, cultural, and financial barriers. The Embassy's partnership with the EducationUSA Advising Center has increased the number of Cambodian students studying in America by 53 percent in the last five years, and the numbers are expected to rise as Cambodian incomes and education levels increase. The United States is considered a leader in women's rights, technology, and entrepreneurship, and activities focused on these themes will give us access to future leaders in government and industry. Exchanges, speaker programs, and other programming that addresses issues such as maintaining a rules-based order and transparency will influence these young audiences to further value democratic values.

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Mission Objective 1.2 (CDCS DO1): Strengthen credible voices to promote fundamental democratic principles and human rights.

Justification: The events leading up to the national election and the Cambodian Supreme Court's decision to dissolve the main opposition party has significantly affected the USG's work to foster political competition and electoral reforms. Despite these challenges, the USG has developed significant tools to support democracy and governance in Cambodia, with a focus on the next generation of leaders.

Mobilizing citizens to advocate for policy changes and demand more accountability from their government offers an opportunity to improve their daily lives in a fundamental way while increasing civic engagement. Therefore, the USG will support and promote credible voices in a range of non-governmental enterprises and organizations as a fundamental democratic building block. This support will help citizens effectively formulate and channel their demands for government accountability and policy changes across a range of sectors and issues, including human rights, religious tolerance, the environment, economic and social policy, education, and the inclusion of marginalized populations. The development of these fundamental skills, particularly among women, youth, business groups, and marginalized segments of the population, will leave Cambodians better prepared to engage effectively in competitive politics. This engagement also will go a great distance toward maintaining U.S. legitimacy and popularity among Cambodian citizens by championing the issues they care most about.

As a result of complex factors, including migration, poverty and the lack of employment opportunities, trafficking in persons (TIP) continues to flourish throughout the country. The Royal Government of Cambodia (RGC) has taken significant steps to deal with this challenge, particularly by improving legislation and increasing prosecutions. As a result, Cambodia was upgraded to the Tier Two List in the 2015 Trafficking in Persons Report issued by the Department of State. To maintain this success, the USG will work with the RGC, NGOs, and regional actors to continue to raise awareness among the population, and to be more resourceful, responsive, and effective in supporting victims of trafficking and people vulnerable to trafficking. At the same time, we will work with the RGC to improve prosecution of TIP perpetrators.

Mission Goal 2: Economic growth and trade: advance U.S. business interests and Cambodia's economic growth.

Description and Linkages: Goal 3 of the East Asia Pacific Joint Regional Strategy calls for sustained and inclusive growth and prosperity that is driven by open market economic policies, high standard investment, increased connectivity, inclusive health and education systems, improved natural resource management, and free, fair, and reciprocal trading relationships.

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Mission Cambodia's economic engagement has been comprehensive, forward-looking, and flexible, adapting to the challenges and opportunities emerging in a changing international economic landscape.

Cambodia has an open and liberal foreign investment regime with a relatively pro-investor legal and policy framework. Foreign direct investment incentives available to foreign investors include 100 percent foreign ownership of companies, corporate tax holidays of up to eight years, a 20 percent corporate tax rate after the incentive period ends, duty-free import of capital goods, and no restrictions on capital repatriation. The United States and Cambodia are signatories to a 2006 Trade and Investment Framework Agreement to promote greater trade and investment in both countries and to provide a forum for addressing bilateral trade and investment issues. Despite these incentives, Cambodia has historically not been able to attract significant U.S. capital due to various factors including pervasive corruption, a limited supply of skilled labor, inadequate infrastructure (including high energy costs), and a lack of transparency in government approval processes. Still, Cambodians tend to value American brands for their high quality and service standards, and American businesses are largely profitable. Coca Cola, which launched a \$100 million bottling facility in 2016, has seen revenues increase each year, and has said it will add additional production lines in the next year for export to neighboring Vietnam. Foreign direct investment in Cambodia last year totaled just over \$2 billion, with nearly 25 percent of that total coming from China. Cambodia's next largest investors are Hong Kong, Vietnam, and Japan.

Mission Objective 2.1: Open new opportunities for U.S. business by promoting greater industrial development and economic diversification through increasing bilateral trade and investment and facilitating legitimate travel to the United States.

Justification: Over the past decade, Cambodia's GDP has grown at an average rate of 7.0 percent, a pace it is expected to maintain over the next year or two. Cambodia, however, remains one of the poorest countries in Asia with significant inflows of foreign aid. Business people have identified corruption, particularly within the judiciary, as the single greatest commercial issue in Cambodia. Infringement of intellectual property, particularly involving software, movies, and music, and weak human resources due to inadequate training and education also pose challenges that Cambodia must address as the ASEAN countries continue to move towards greater integration. Poor labor skills hinder modernization of the agriculture and agribusiness sectors. Access to credit remains constrained, land is under pressure from urbanization and other economic interests, and barriers to doing business remain high. Furthermore, unknown yet vast amounts of foreign investments has entered the country, bidding up asset prices and distorting markets for land and property in particular.

We will continue to expand our export and investment promotion efforts, in partnership with the Foreign Commercial Service (FCS) and the Foreign Agricultural Service (FAS). In strengthening the economic links between Cambodia and the United States, we will ultimately

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strengthen the overall bilateral relationship between our two countries. The United States has sought repayment of approximately \$275 million in official debt from Cambodia incurred during the Lon Nol regime in the 1970s.

Mission Objective 2.2: Improve Cambodia’s regulatory, labor, and economic environment, increasing transparency and providing greater access for U.S. exports; promote entrepreneurship.

Justification: Cambodia faces a number of capacity challenges as it continues to work toward full integration with the ASEAN Economic Community. These challenges include lack of human resources due to inadequate training, education, as well as underdeveloped institutional capacity. Assistance in evaluating the relative advantages and disadvantages of entering into potential trade agreements and the impact of regional agreements on Cambodia would help the government more effectively shape policy and regulation. Bilateral dialogues to discuss such capacity needs and potential areas of cooperation would help ensure that U.S. assistance aligns with the government’s priority goals in improving the regulatory environment.

Mission Goal 3: Preserve peace and security, and protect the homeland.

Description and Linkages:The 2017 National Security Strategy defines protecting the American people, the homeland and the American way of life as one of four fundamental responsibilities. The 2018 National Defense Strategy speaks to the gradual erosion of the rules based international order and an imminent need for allies and partners in order to ensure the interagency can advance U.S. influence and interest. Nations with strong allies survive, those without stagnate and wither.

Mission Objective 3.1: Increase professionalism of the next generation of Cambodian security leaders in the police and military; promote U.S. law enforcement priorities in Cambodia; secure U.S. borders and protect U.S. citizens; continue to support the reduction of explosive remnants of war as a humanitarian and war legacy priority; increase identification of Vietnam War era missing in action personnel; provide physical security and stockpile management assistance; and improve the responsiveness of the Cambodian government to and health security threats.

Justification: A more highly-trained professional force will better recognize the benefit of an international rules based system, cooperate in deterring nefarious actions and activities, and strengthen Cambodia’s partnership with the United States on bilateral, regional and international security issues. The goal of U.S. security assistance and law enforcement programs is to increase Cambodia’s ability to professionalize and modernize its security forces and maintain security in the country. Our programs will focus on capability building at the institutional level of its security forces to enable their professionalization and modernization. Our specific programs will focus on increasing Cambodian armed forces capacity in English language

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development, transnational threats, crimes and diseases, peacekeeping operations and Humanitarian Mine Action.

Mission Objective 3.2: Influence Cambodia to act as a responsible bilateral, regional, and international partner that supports U.S. security interests. Cambodia returns to choosing the United States as its security partner of choice.

Justification: Cooperation and interoperability can be a cornerstone of peace and security. By supporting multilateral forums and sponsoring events that lead towards collective security and collective response, Cambodia can strengthen its partnership with the United States on addressing transnational threats.

Mission Goal 4: Sustainable development: Accelerate Cambodia's transformation to a healthy and prosperous country.

Description and Linkages: Together with Mission Objective 1.2, civic engagement, informed constructive dialogue, and a demand for transparency and accountability by the Cambodian people will positively affect policy priorities, including greater respect for human rights and the promotion of prosperity, as defined by improved health and education status and strengthened resilience of people at risk of slipping into poverty. The goal supports the National Security Strategy Pillar IV (Advance American Influence) through improvements in health, child protection, and education by improving the quality of services, promoting positive practices, and strengthening the enabling environment. It also supports the State-USAID Joint Strategic Goal Framework Goal 2, Goal 3, and Goal 4 through increased sustainable economic opportunities for farmers, businesses, and forest communities; strengthened systems to combat infectious diseases; and improved social health protection, respectively. This goal aligns with the East Asia and the Pacific Joint Regional Strategy, Objective 3.2 by strengthening health systems and improving the quality of health care and education, particularly for vulnerable populations. Activities also align with Objective 3.3 through work in the environment and agriculture sectors to reduce the effects of economic shocks and stresses for vulnerable Cambodians.

Mission Objective 4.1: Improved Health and Education for Vulnerable Populations

Justification: Despite significant progress in the health sector including meeting most its Millennium Development Goals for health in 2015, Cambodia has the highest infant and under-five mortality rates in the region with continued high rates of stunting and malnutrition in children under five. Both rural and urban Cambodians lack adequate access to clean drinking water and sanitation facilities. While 64 percent of Cambodians have active or latent tuberculosis, adult HIV prevalence was estimated to be a low 0.6 percent in 2016. However, prevalence is still higher in sub-populations of persons engaged in high-risk behaviors. The greatest challenges ahead are to sustain the gains made and to identify the estimated 15,000

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persons living with HIV who do not know their status, and therefore are not on lifesaving treatment. Cambodia continues to be a world epicenter for antimalarial drug resistance, with very high rates of treatment failure to the most recently introduced artemisinin-based combination therapy. Migrant workers are especially vulnerable as they migrate between countries and provinces with limited access to the formal public health system. This issue threatens progress against malaria not only in Cambodia, but also regionally and globally. While still facing challenges in containing communicable diseases such as HIV, TB, and malaria, Cambodia is now facing a dramatic increase in the burden of non-communicable diseases, putting additional strain on an already over-burdened health system. With the support of the USG, there have been recent improvements in the quality of laboratory services and in the infrastructure necessary to ensure a safe and adequate blood supply. Despite this impressive progress, Cambodia remains inadequately prepared to respond to outbreaks of public health threats and to meet its commitment to the International Health Regulations (IHR). The USG will work with the RGC to continue its increased investment in health to improve the quality of both health care providers and health facilities as well as its response to health threats. The USG team works closely with and in support of the implementation of Global Fund grants in Cambodia to combat HIV/AIDS, malaria, and TB.

While the RGC increased the net enrollment in primary education to 98 percent and strengthened gender parity with girls comprising 48 percent of primary students, Cambodia has one of the highest pupil-to-teacher ratios in the region and only 53 percent of third graders are reading at grade level. The government has recently committed 18 percent of the national budget to education and has revised the national curriculum and corresponding student learning materials with the goal to improve learning. However, the Cambodian education system is still recovering from neglect during the Khmer Rouge period and remains severely underfunded resulting in under-equipped classrooms, lack of teaching materials, a shortage of qualified and motivated teachers. The USG is committed to working with the RGC to strengthen the systems, policies, curricular materials, and classroom practices to support schools, teachers, and communities to improve early grade reading for children in grades 1-3 across Cambodia and build an educational foundation that enables children to stay in school.

While Cambodia has made progress in addressing child protection issues, such as halting a ten-year trend of the growing institutionalization of children, the government acknowledges the urgency of an effective child protection system in the country. Globally, it is recognized that the best way to protect children from harm is through a comprehensive national child protection system, which is a coordinated, harmonized, and systematic approach to protecting children vulnerable to violence, abuse, exploitation, and neglect. The USG is committed to strengthening systems for tackling endemic child protection issues facing the country and developing systems and services that provide nurturing family based care for vulnerable Cambodian children.

Mission Objective 4.2: Sustainable and Resilient Pathways out of Poverty Strengthened

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Justification: While Cambodia surpassed its Millennium Development Goal poverty target of halving poverty by 2015, a majority of Cambodians who have escaped poverty are still at a high risk of falling back into poverty. Cambodia is now considered a lower-middle-income status but remains exposed to a number of economic shocks and stresses that would affect Cambodians who are near poor or perilously close to poverty. The majority of businesses are linked directly or indirectly to the environment and agriculture sectors and they continue to employ over half of the population. The USG will work with Cambodia's environment and agriculture sectors to resolve problems of low productivity, heavy post-harvest and/or post-collection losses, lack of value-addition to primary products, limited access to market information and opportunities, and poor market integration, that together have stifled economic gains for the large percentage of the population that remain poor or near poor. Increased pressures on forest and water resources such as illegal deforestation, dams, and wildlife trafficking continue to diminish Cambodia's biological diversity, natural resources, and agriculture production. The USG will continue to support the resilience of communities affected by these pressures as well as continue to push for legal reforms that help disenfranchised communities protect their land and livelihoods.

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4. Management Objectives

Management Objective 1: Improved Support for Mission Goals and Objectives through Efficient and Effective Use of Mission Human, Financial, and Technical Resources.

Justification: Continuing improvements of existing resources and the adoption of new systems and processes will provide a more dependable and broader support structure aiding Mission goals and objectives. Post will expand its use of regional service centers, which will result in greater effectiveness and efficiency due to the centralization of skills, experience, and uniform implementation of tasks and relevant regulations. We will seek training and mentoring opportunities for Locally Employed (LE) Staff to develop greater professional and leadership skills. Post has implemented a variety of cost reduction initiatives including, improved monitoring of utility usage, LED lights in residences, and promoting a better awareness of ways to reduce costs among the Mission community. Finally, informational and computer technical systems and programs will continue to be updated and upgraded as needed.

To ensure that the Mission is safeguarding the proper use of Mission human, financial, and technical resources, the management section will use management controls will to confirm that procurement and fiscal activities are in compliance with all relevant laws and regulations, provide transparency of our processes, and avoid favoritism or the appearance of impropriety. In tandem, to measure the success of our support to the mission, we will analyze the impact of cost-reduction measures on expenditures and seek customer feedback to determine effectiveness using quantifiable metrics and surveys.

USAID is the Integrated Assistance Coordinator for Mission Cambodia and coordinates all USG assistance programs at post to ensure there is a whole-of-mission approach, eliminating duplication and overlap of efforts. USAID will continue to seek and promote effective engagement with governmental and non-governmental entities to assure assistance efforts are synchronized, complementary, and expand local capacity as assistance programs transit from a simple direct-service delivery method to a more sophisticated capacity development approach.

Management Objective 2: Expanded Application of the Mission's Communications Infrastructure to Increase Public Impact of Programs and Enhance the Security of Mission Personnel.

Justification: Improvement to the systems and communications infrastructure will assist the Mission to communicate beyond its wall and maintain compliance with Department security requirements. Post maintains a robust social media platform, particularly Facebook and Twitter, which reaches throughout Cambodia. Communications improvement, including seeking faster internet connections, will assist the Mission to deliver the U.S. message to the widest possible audience and to ensure that Washington has a grasp of Cambodian political and social currents.

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Internal communications will continue to develop for both routine and emergency needs. Radios are issued to all American staff at Post. Post issues Blackberrys or iPhones to an expanding number of staff, both American and Local staff, in response to an increasing demand for after-hours connectivity.

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