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U.S. ECONOMIC AID PROGRAM TO CAMBODIA 1955 - 1959

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UNITED STATES OPERATIONS MISSION
TO CAMBODIA
PHNOM PENH, CAMBODIA
JANUARY 1960

INDOCHINA ARCHIVE
Douglas Pike, Ed
Washington, D.C.



U.S. ECONOMIC AID PROGRAM TO CAMBODIA 1955 - 1959

**INTERNATIONAL COOPERATION ADMINISTRATION
UNITED STATES OPERATIONS MISSION TO CAMBODIA**

**PHNOM PENH , CAMBODIA
JANUARY 1960**

THE UNITED STATES program of economic and technical assistance to Cambodia has been in operation for more than five years. It is a program that typifies the United States policy of economic assistance which for more than a decade has served free nations around the world—a policy of helping these nations to maintain their independence and to achieve economic and social development.

Underlying this cooperative Cambodian-American program is the determination and vigor with which this new independent nation, under the leadership of His Royal Highness Prince Norodom Sihanouk, has written its own history of successful emergence into the world community of free nations.

It has not been so long since the United States itself was a young, newly independent nation. Like Cambodia, it holds dear the liberty and freedom it won.

We are therefore pleased to contribute to Cambodia's future; to cooperate with the Royal Government of Cambodia in its resolve to maintain its independence and security, develop its economy and social institutions and create an increasingly better life for all its people.

A handwritten signature in black ink, reading "William C. Trimble". The signature is fluid and cursive, with the first name "William" and last name "Trimble" clearly legible, and a middle initial "C." in between.

William C. Trimble
*U. S. Ambassador
to Cambodia*

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Renovation of the great ancient irrigation system of Barai Occidental has vastly improved rice production.

FOREWORD

THE MATERIAL in the following pages is a résumé of the United States International Cooperation Administration program in Cambodia from its inception to the present date of writing.

It has been undertaken as a factual report, an annal of the economic cooperation between the Royal Government of Cambodia and the United States during the critical years of Cambodia's new independence.

Over the five-year period covered by this report, Cambodia has made substantial economic progress. As indicated in the following pages, many aspects of Cambodia's economic growth have been made possible through American economic and technical aid. But the most fundamental improvements are attributable to the leadership of the Cambodian authorities and to the devotion and hard work of the Cambodian people. During these five years the estimated per capita income of the Cambodian population has increased from \$85 to \$93, despite a population increase of about 11 percent. The Government's revenues have been increased by about 16 percent annually and large investments have been made in the basic facilities, such as roads and schools, agriculture, public health and other fields important to economic growth.

Subsequent pages outline the principal activities jointly undertaken by the United States and Cambodia under the American economic aid program. Behind the factual description and the statistics has been a spirit of mutual collaboration between Cambodians and Americans, working together in a common effort for the economic and social advancement of the Kingdom.

A handwritten signature in dark ink, reading "Charles A. Mann". The signature is fluid and cursive, with a large, sweeping "C" at the beginning and a long, horizontal stroke at the end.

Charles A. Mann
Acting Director
United States Operation Mission
to Cambodia



THE STORY OF U.S. AID TO CAMBODIA

Indochina Background

Economic aid to Cambodia began in 1950, coinciding with the beginning of Cambodian independence. From its inception and through the Vietminh war years of 1951-1954, the U. S. aid program was administered through the Special Technical and Economic Mission to the three Associated States of Indochina, with headquarters in Saigon and with regional offices in Phnom Penh. While fighting was in progress and Vietminh bands were occupying many areas, the needs of Cambodia were mostly fourfold: (1) adequate supplies of foods, textiles and medicines, (2) restored agricultural output, (3) rehabilitation of the road network, and (4) provision for internal security and national defense.

To meet these requirements, U. S. aid was allocated to Cambodia through direct supply of needed equipment and services in the amount of US\$7,800,000, and through the dollar financing of commercial imports of essential consumer goods. With the local currency proceeds of these imports and with the direct U. S. dollar expenditures, projects were initiated in the fields of agriculture for the restoration of war-damaged irrigation systems and the construction of new ones, and in the field of public works for the rehabilitation of Vietminh-damaged roads and bridges. In addition, four dredges were provided to make navigable the channels of the Mekong and Tonlé Sap Rivers and to fill in land in Phnom Penh. To strengthen the nation's security, U. S. aid provided assistance to the public safety forces then existing.

* * * * *

1955-1959

Soon after Cambodia achieved full independence, a separate and independent economic and technical assistance mission, residing in Phnom

Penh, began its work on January 1, 1955. That mission functions today as the United States Operations Mission to Cambodia under the International Cooperation Administration.

The objectives of U. S. aid, as mutually agreed between the Royal Cambodian Government and the United States, are (1) to assist Cambodia strengthen and maintain her national independence, (2) to build a strong national economy, and (3) to improve the living conditions and productive capacity of its people, particularly in the rural areas.

From the signing of the aid agreement between Cambodia and the U. S. on September 8, 1955 through June 30, 1959, the U. S. made total grants for both economic and military aid to Cambodia in the amount of 9,187,500,000 riels, or US\$262,500,000. Of this amount, 6,314,000,000 riels, equivalent to US\$180,400,000 has been granted, since the inception of the program, to assist Cambodia develop its economy and at the same time maintain the military forces necessary for its defense. A total of 2,873,500,000 riels, or US\$82,100,000, has been allocated to Cambodia since July 1954 in military equipment and supplies.

During the five-year period from 1955 to 1959, 3,262,000,000 riels, or US\$93,200,000 in total U. S. aid was used to finance economic and technical projects. These economic projects are joint undertakings of the Royal Cambodian and the United States Governments to which each contributes personnel and financial support. As a result of this joint effort Cambodia, after five years, has greatly expanded its basic facilities essential to further economic development. The remaining 3,052,000,000 riels, or \$87,200,000, has been programmed to assist in paying partially salaries of the Cambodian military establishment and also to finance construction required to give the Cambodian armed forces logistical installations to increase their defense efficiency.



For FY 1960 the U. S. Congress appropriated, and ICA Washington allotted, the following amounts of additional aid (exclusive of military end items): total 792,750,000 riels, or \$22,650,000, of which 372,150,000 riels, or \$10,650,000, for economic and technical aid projects, and 420,000,000, or \$12,000,000, for the U. S. contribution to the pay and allowances of the Cambodian Armed Forces. 152,250,000 riels, or \$4,350,000, are earmarked for direct financing of goods and services for projects, while 640,500,000 riels, or \$18,300,000, are intended to cover local currency expenses; the local currency amounts being "generated" through the commercial import program.

As in the earlier years' program, aid funds through 1954-1959 have been granted in two years: by direct financing by the United States of needed supplies and services to improve the country's economy, and by financing a commercial import program, which provides needed consumer items and generates local counterpart currency for payment of the projects' local costs.

Among the principal economic projects are the Khmer-American Friendship Highway from Phnom Penh to the new deep sea port at Sihanoukville; and improvement of other roads, bridges and airfields. In agriculture, the great

ancient irrigation system at Barai Occidental and other major irrigation systems have been repaired and new ones have been built; Cambodian and U. S. technicians have cooperated to improve crops, livestock and forestry, and cooperative and extension services. Assisting Cambodia's determined efforts to improve her education facilities, U. S. aid has helped develop a network of new primary and secondary schools, "model" schools, a Rural Teacher Training Center at Kompong Kantuot, and specialized training in vocational and technical subjects.

Malaria is being eradicated in cooperation with the World Health Organization, and many contagious diseases being controlled; a school of nursing, a medical school, and a rural health center have been constructed; the water supplies in many towns and rural areas are being improved. Civil police, mass communications and other civic administrative facilities vital to the growth of the young independent nation and to the increase of its own production facilities are being realized.

All of these have been jointly undertaken by the Royal Cambodian Government and the U. S. Aid Mission, with U. S. technicians working continuously with Cambodian officials to determine all financial and technical requirements.

TYPES OF AID

Non-Project Assistance to Cambodia consists of dollar expenditures under the ICA commercial import program. This program serves two purposes in Cambodia: first, it provides the Cambodian population with essential consumer goods such as basic textiles, food stuffs and pharmaceuticals; fuels, raw materials, and spare parts essential for existing facilities and industries; and durable producer goods necessary for increasing the country's productive capacity, such as industrial machinery, machine tools and cement. Secondly, the sale of these essential commodities provides the local currency funds to cover local costs of joint Cambodian-U. S. economic development projects as well as the U. S. contribution to the pay and allowances of the Cambodian armed forces and military construction projects.

In the absence of this U. S. financial commercial import program, Cambodia would not be able to secure all essential imports, as export earnings are as yet insufficient to balance trade. In the absence of the local currency generated through the commercial import program and made available for economic projects and troop pay, the Cambodian Government would be less in a position to provide effective normal governmental services, strengthen its institutions, such as education, public health, and public works, to embark on a substantive program of economic development, or maintain an essential but small military defense force without serious inflationary pressures. In summary, Cambodia's insufficient revenue capacity and its deficits in goods and services in its foreign trade make the commercial import program or non-project aid essential for the economic and political health at the present stage of the country's development.

From 1955 through 1959, 4,893,400,000 riels, or \$139,800,000, has been expended on non-project assistance to Cambodia.

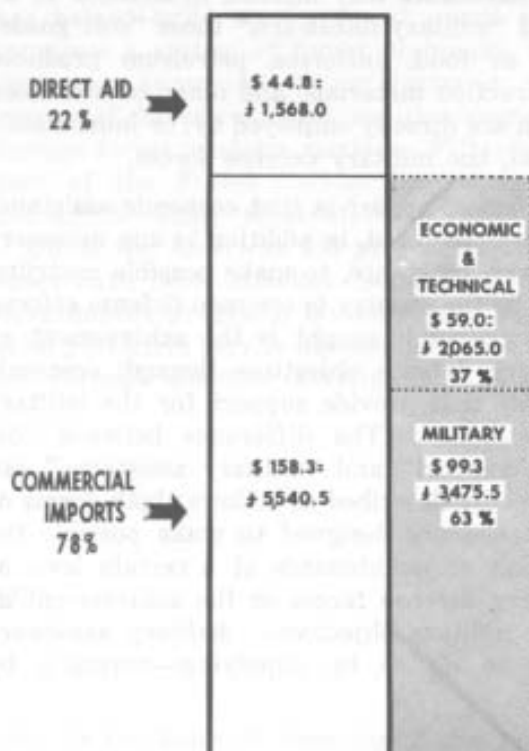
Project Assistance is financial and technical aid provided to initiate and carry to conclusion a specific project under the U. S. aid program. A project is defined as any activity or closely interrelated group of activities which is designed to accomplish a described and limited objective which has been mutually developed and agreed upon by ICA and the cooperating country, and which involves ICA tech-

US ECONOMIC AID

1955-60

(MILLIONS OF US\$ AND RIELS EQUIVALENT)

TOTAL AID \$ 203.1 = \$7,108.5



nical participation for a specified period of time through advice or supervision in the planning and implementation of the project. Examples include the completion of an irrigation project or the construction of a new road, both of which have a specific starting and completion date, and which will be operated and maintained upon completion by the participating country without further ICA financial assistance. A project can, but does not necessarily, include several specific components such as equipment, supplies and contract services, technical assistance in the form of technicians as advisors, and technical assistance provided by the training of participating country personnel concerned with the project either in the United States or another country where training facilities are available.

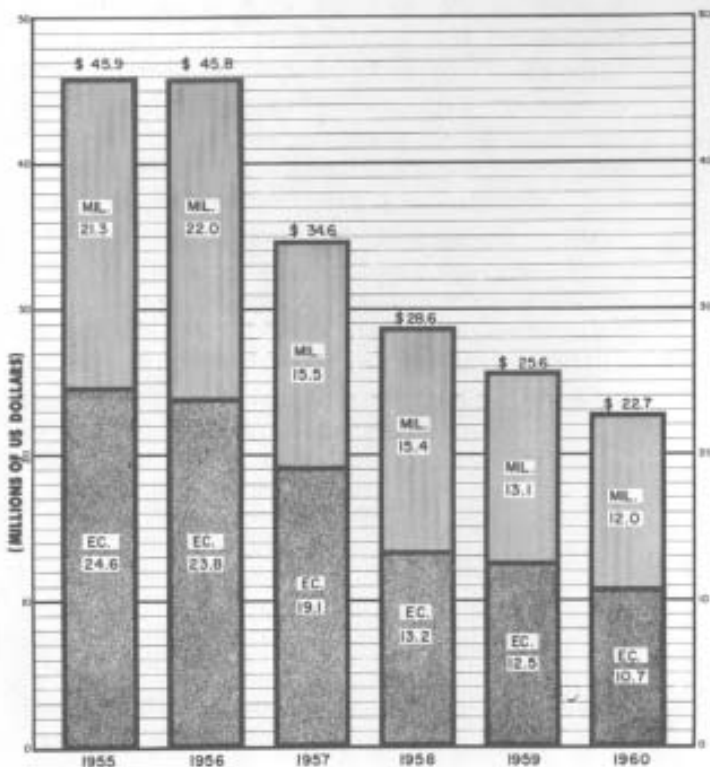
Military Assistance is financed by the U. S. Department of Defense and represents assistance in the form of equipment, supplies and services which are furnished directly to, and are physically used by or of immediate benefit to the military security forces of Cambodia and which is necessary to the maintenance of such forces at a given level of effectiveness.

The equipment and supplies furnished as military assistance may include, in addition to so-called "military hardware," those "soft goods" such as food, uniforms, petroleum products, construction materials, and other consumables, which are directly employed by, or immediately benefit, the military defense forces.

Defense Support is that economic assistance which is required, in addition to any necessary military assistance, to make possible contributions by the country to common defense efforts. The end result sought is the achievement of military defense objectives through economic benefits that provide support for the military establishment. The difference between "defense support" and "military assistance" can be broadly described as follows: both forms of assistance are designed to make possible the creation or maintenance of a certain level of military defense forces or the achievement of other military objectives. *Military assistance* helps to do so by supplying—normally by

import—goods and services that are directly delivered or rendered to, and which physically reach or benefit the military forces involved. *Defense support*, on the other hand, contributes to this objective more indirectly through providing to a country's economy, rather than directly to its military establishment, resources which, at least where the support of military defense forces is the goal, enable the recipient country to maintain a level of defense expenditures or to undertake defense activities that would otherwise not be possible. The one form of assistance generally consists of articles or services which can be traced in a physical sense from their import into the country direct to a soldier who actually uses or is served by them; the other form has its specific military impact as the country's economy is rendered capable of sustaining the desired defense burden. In Cambodia, *Defense Support* covers principally the U. S. contribution to pay and allowances of Cambodian Armed Forces, military construction, and certain economic aid projects, e.g., civil police assistance.

U.S ECONOMIC AID TO CAMBODIA **NEW ALLOTMENTS FY'S 55-60** EXCLUSIVE OF MILITARY END ITEMS



Technical Cooperation programs may be defined as programs for the sharing of knowledge, experience, techniques and skills with a participating country for the purpose of helping it to further its economic development and to increase its standards of living. These programs include such types of activity as training, demonstration, advisory services, teaching, exchange of information and surveys, in agriculture, health, education, industry, transportation, housing, public administration, community development and similar fields directly related to economic development of standards of living.

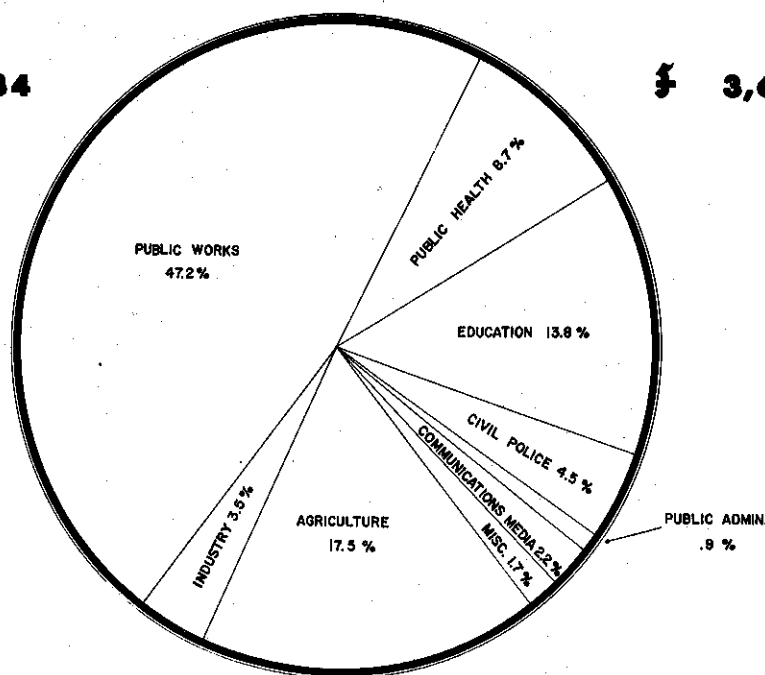
Technical cooperation programs include the provision of supplies and equipment only to the extent required for effective training and demonstration. Beyond those catalytic services, these program do not supply the capital which may often, if not always, be indispensable to the conversion of the knowledge, skills, experience and techniques into expanded production, increased standards of living and other tangible benefits for the recipient country. Technical cooperation programs will often, therefore, be related to other developmental activities sponsored by the United States Government, including, in particular, the Development Loan Fund

ECONOMIC AND TECHNICAL ASSISTANCE FIELD OF ACTIVITY BREAKDOWN DOLLARS & COUNTERPART PROGRAMMED

SUMMARY FY 55/60 (THOUSANDS OF US DOLLARS)

US \$ 103,834

₢ 3,634,200



(see below); and other public and private sources which can provide the capital which, in combination with technical cooperation, can bring about a country's economic advancement.

The Development Loan Fund is concerned with the furtherance of economic development of countries participating in the program.

The Fund is used to finance specific public or private economic development projects. It is taken into account whether the program or project is economically and technically sound, whether it gives reasonable promise of contributing to the economic growth of the country concerned. It involves consideration of the alternate possibilities of financing the project on reasonable terms from other public or private free world sources. The Fund also emphasizes long-term results, rather than short-term impact, and is furnished only in response to specific, fully delineated applications for assistance.

Aid from the Fund is extended on a loan or other basis which does not involve grants or direct purchase of equity securities. Adminis-

tration of the Fund comprises reasonably wide latitude as to the period and form of repayment, interest rates, method of amortization, and other terms. It is intended that these terms should generally be substantially more lenient than those obtainable from other public or private lending sources.

In FY 1958, the Congress appropriated \$300 million world-wide, for Development Loan Fund purposes. In FY 1959, \$400 million was appropriated; \$550 million is being appropriated for FY 1960. A major distinction between this Fund and grant aid is that the Fund has no terminal date for obligation, and is available to all ICA recipient countries by priority against approved applications.

No Development Loan Fund loans have yet been made in Cambodia, although some applications have been filed.

Special Assistance for Cambodia is the source of funds for malaria eradication, as part of the world-wide eradication campaign, which has been undertaken jointly by the World Health Organization and the United States.

BASIC ECONOMY OF CAMBODIA

The Protectorate

The Cambodian economy before 1954 was essentially a part of the joint economy that had been created under French auspices when Cambodia, Laos and Vietnam were portions of what was known as French Indochina.

Complete independence brought an inevitable economic realignment. Monetary management and currency issue passed from the "Institute of Emission of the States of Cambodia, Laos and Vietnam" into the hands of the newly formed National Bank of Cambodia. Foreign trade, with the support of the large scale U. S. aid commercial import program, gradually changed its pattern and direction from its former integration into a colonial system to an independent multilateral trading system.

General Economic Conditions

During the period from early 1955 to the end of 1959, Cambodia had succeeded, following a conservative economic, commercial and monetary policy, in creating a stable foundation for future economic advance. The Japanese invasion during the Second World War, the economic turmoil created in Southeast Asia by the war, the postwar political problems in the Indochinese peninsula and the invasion of Vietminh bands had severely weakened the economy.

With American and other aid the Cambodian Government has reconstructed the transportation system, reestablished vital public utilities, restored trade and commerce and put the country back on its financial feet.

Estimated per capita income increased from \$85 to \$93, in spite of a population increase of about 11 percent. The government's revenues have increased by about 16 percent annually. The investment in basic facilities such

as the roads and schools has been substantial.

Cambodia has an essentially agrarian economy, ninety two percent of the population gaining its livelihood from agriculture, fisheries and forestry. Principal exports are rice and rubber in about equal money value. The great majority of Cambodian farmers are small landholders and rice occupies nearly eighty percent of the arable land. Rubber, however, has been produced on large foreign-owned plantations.

Other crops include corn, pepper, peanuts, spices and smaller amounts of palm sugar, tobacco, hard fibers, silk, coffee, cacao and various fruits and vegetables. Fish, cattle, buffalo, swine and poultry are exported.

Imports consist primarily of manufactured goods. Manufacturing of consumer goods on a limited scale is carried on in Cambodia.

Monetary Conditions

The monetary policies of the National Bank of Cambodia, the newly established central bank, followed a conservative course. Net note issue rose from an estimated 1.27 billion riels (\$36.2 million) in its opening statement per January 1, 1955, to a peak of 2.37 billion riels (\$67.8 million) in June 1959. Note issue fell by September 1959 to .29 billion riels (\$65.3 million).

Central bank reserves showed an exceptionally steady climb. Foreign exchange reserves were valued at 1.3 billion riels (\$104 million) in August 1959. This afforded a reserve ratio of roughly seventy four percent against the net note issue and demand deposits of the National Bank.

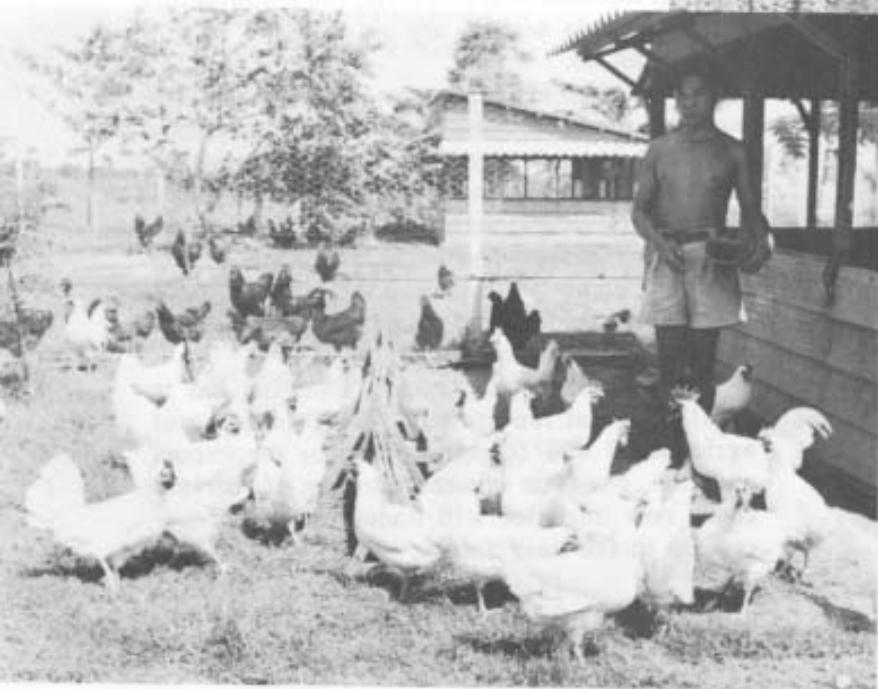
Cost of Living

The price level, as reflected in the general cost of living indices for Phnom Penh, the cap-



Wall newspapers disseminate information to improve living standards in rural areas.

Seedlings for small farmers' new rubber plantations.



New higher producing chicks for Cambodia's farms.

ital, showed a sixteen percent increase for the working class, a twenty percent increase for the middle class and a twenty-two percent increase for Europeans from 1955 to 1959 based on the yearly averages through September 1959. The increase was less in the villages where manufactures and imported products are less used.

This rise occurred in two spurts, the first during 1955, the second during 1958 which continued in 1959. As data are available only for Phnom Penh the rise may also reflect more the increase of population and pressure on distribution facilities in the capital than true country wide increases.

Foreign Trade

Cambodia's trade and payments balance during the years 1955 through 1959 was passive. American, French and other aid resulted, however, in a net capital inflow. U. S. aid produced a capital inflow in the neighborhood of thirty million for each of these years.

During the period Cambodia's exports actually fell off from the level achieved in 1954. In that year exports stood at sixty-three million dollars. They decreased in 1955 to \$40.1 million, in part due to a bad rice harvest and to 36.6 million in 1956, but rose to 52.9 million in 1958.

Imports during the five-year period, bolstered by the large U. S. aid import program, rose from \$47.6 million in 1955 to \$58.4 million in 1957 and reached a high of \$74.9 million in 1958.

Both the export and the import patterns changed in the direction of greater diversity. Most marked was the decrease in trade with the other states of former French Indochina. Exports to these states fell from thirty six percent of the total in 1954 to four percent in 1958 with exports to France rising from twenty percent in 1954 to thirty four percent in 1958. Exports to the sterling and dollar zones also gained in importance.

Imports from the franc zone and the rest of former Indochina decreased from eighty six percent of total imports in 1954 to thirty two percent in 1958.

Europe as a whole, the sterling zone and the United States gained along with Japan.

Domestic Production and Trade. The Gross

National Product of Cambodia for the years 1955-1959 reflects the country's recovery from the Vietminh War, but also unforeseeable weather conditions, particularly for the crop year 1956-57. The estimated GNP magnitude in millions of dollars at 1958 prices are as follows for the five years 1955-1959: 356, 403, 452, 440 and 445. 1955 was very depressed due to the war conditions and paralyzed transportation network; 1956 faced drought conditions, while 1957 was an excellent year. The rice harvest was somewhat adversely affected by inadequate rainfall in the early growing season in 1958, while 1959 promises to end as a good year. The agriculture sector, which is composed of rice, rubber, corn and other crops, forestry, livestock and fishing, shows the following contributions to the GNP for the same five years, 1955-1959 (in millions of dollars at 1958 prices): 100, 180, 201, 192, 188.

Rice, rubber and corn are the country's main products which it produces for sale abroad. In a good year, approximately 3/5 of the rice crop is consumed by the rural population, 1/5 by the urban population, principally by Phnom Penh, and 1/5 is exported. With a poor rice harvest, exports naturally suffer first, creating adverse effects on the trade sector and on the country's balance of payments position.

The manufacturing and trade sectors roughly parallel the agricultural sector, because of the close relationship between rice production, milling, internal trade and export, and consequently demand for imported goods. The figures, in millions of dollars, for the manufacturing and trade sectors are as follows: 74, 83, 98, 95 and 95.

Overall, the above figures indicate that the country has recovered from the Indochinese War, but has not as yet reached the stage of a rapid annual increase in production and trade.

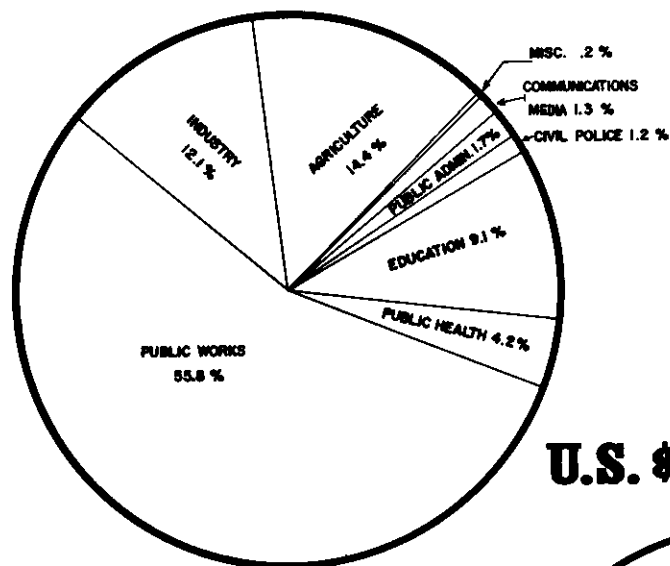
The agricultural sector has considerable potential for increased growth, both for a higher level of domestic consumption and exports. Agronomic field crops, forestry, and livestock are especially promising.

The manufacturing sector likewise has a great potential for growth. The processing of agricultural and forestry products for export and the domestic manufacturing of certain goods now imported will undoubtedly increase rapidly in the near future.

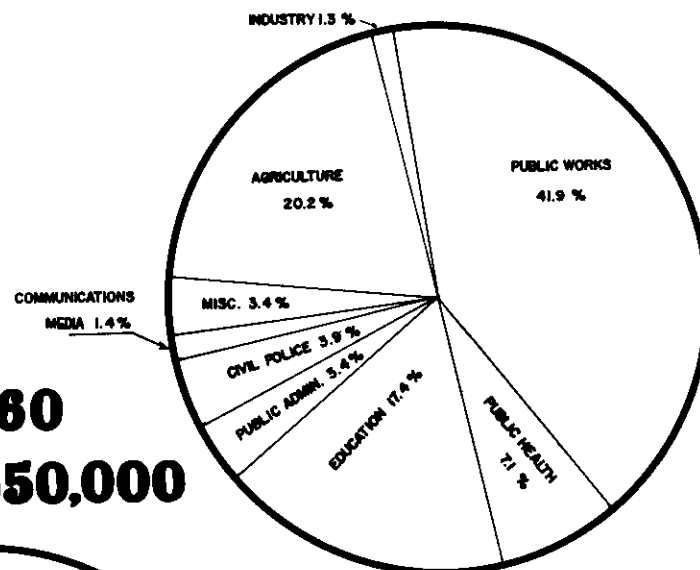
U.S. ECONOMIC AID AND TECHNICAL ASSISTANCE TO CAMBODIA

FY'S 58,59,60
MAJOR FIELDS OF ACTIVITY

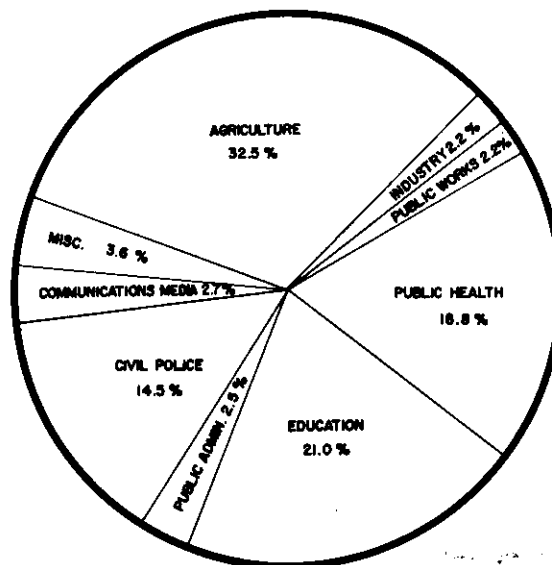
FY 58
U.S. \$13,200,000



FY 59
U.S. \$12,500,000



FY 60
U.S. \$10,650,000



Youth garden projects under way in Cambodian schools.



Import of agricultural machinery and instruction in its use.



DDT spraying is essential to malaria control and eradication.



THE MILITARY AID PROGRAM

Throughout the past five years, the United States has furnished military aid to Cambodia in a number of categories. These categories in which the U. S. is providing support to the Cambodian Armed Forces (FARK) can best be broken down as follows:

- Military Equipment
- Pay, Allowances, and Rations
(Military Budget Support)
- Supplies and Munitions
- Financed 1955 Budget Deficit
- Reserved Funds for Vehicle Rebuild and Major Assembly
- Allocated Funds for Construction

Military equipment includes such items as trucks of all types, tanks, individual weapons, artillery pieces, machine guns, mortars, radios, naval craft, airplanes, and other equipment. It also includes items of individual equipment such as entrenching tools, packs, cartridge belts, canteens and related materials, including clothing, helmets, mosquito bars and blankets.

Military Budget Support has furnished a major portion of the funds required for the pay allowances, and rations of FARK personnel. At the present time, this represents approximately 62 per cent of the funds required for such purposes.

Under Supplies and Munitions, the U. S. provides replacement for used or worn out items such as lubricants, petroleum, oils, ammunition, clothing, and spare parts of all types.

The Financed 1955 Budget Deficit is the financial assistance which the U. S. agreed to grant to the Ministry of National Defense in late 1955 so that the latter could balance its

budget for that year. It helped pay for items such as some construction, engineer services and certain other general expenditures of FARK.

The Rebuild Program concerns the outloading of vehicles to Japan for complete overhaul and return to FARK. This is a continuing process although it is a one-time charge.

Funds allocated for construction, like the preceding item, represent a one-time charge. These funds are obligated as contracts for the construction of a logistical complex at Lovek, Regimental Area at Romeas, a POL Depot at Prek Phneu, three regional dispensaries, a Signal Corps cold storage warehouse, a Navy Headquarters and Naval Shops, national firing ranges and improvement of the airfield at Pochentong.

The U. S. has furnished through Calendar Year 1959 5,929,000,000 riels, or \$169,400,000, in aid to the Cambodian military establishments, \$47,100,000 for military end items, \$35,000,000 for military consumables and \$87,-300,000 in local currency for military budget support for FARK pay and allowances and military construction. Large initial quantities of material were turned over to FARK in 1955 and 1956, but there has been a marked decrease during 1957, 1958 and 1959. However, even these modest programs have assured force maintenance, some force improvement, and about 83 per cent on the average of pay and allowances for the Cambodian Armed Forces. It is envisioned that as the Cambodian budget increases, the Royal Cambodian Government will assume a greater proportion of the financial responsibility for the operation, maintenance and improvement of its Armed Forces.

THE COMMODITY IMPORT PROGRAM

Its System, Economic Importance and Relation to Program Implementation

Through June 1959 \$139,810,000 were given to Cambodia under the U. S. aid program for the purchase of imports to be sold in Cambodia, and an additional \$18,300,000 has been provided for fiscal year 1960.

The yearly level decreased from about \$35 million in 1955 to just over \$18 million in 1960.

The dollars granted to the Cambodian Government under this program are allocated to local commercial importers through the Exchange Allocation Board of the Cambodian Government and the ICA mission in Cambodia. Over the five-year period from June 1954 to June 1959 some fifty four per cent of these imports were for basic consumer goods, twenty-one per cent for raw materials and supplies for production and twenty five per cent for capital goods. Among the principal products furnished under this program in order of total value have been textiles, petroleum products, iron and steel products, industrial machinery,

cement and similar nonmetallic minerals, motor vehicles, medical products and electrical equipment. The importers are free to make their purchases in all the countries of the free world.

Cambodian currency equal to the value of the imports is turned over by the importers and used for the country's armed forces and as local currency expenditures on development projects which Cambodia would not be able to cover out of its normal sources of income.

As the expenditure of these sums by the government has an inflationary effect, with more riels in competition for the supply of goods, the imported goods are an essential anti-inflationary brake.

Implementation of the U. S. Aid program would have been to a large extent impossible without counterpart funds. With these funds, labor was paid, local supplies of all sorts obtained and routine operating expenses covered.

MAJOR COMMODITIES IMPORTED UNDER THE U.S. AID COMMERCIAL IMPORT PROGRAM (NON-PROJECT AID)

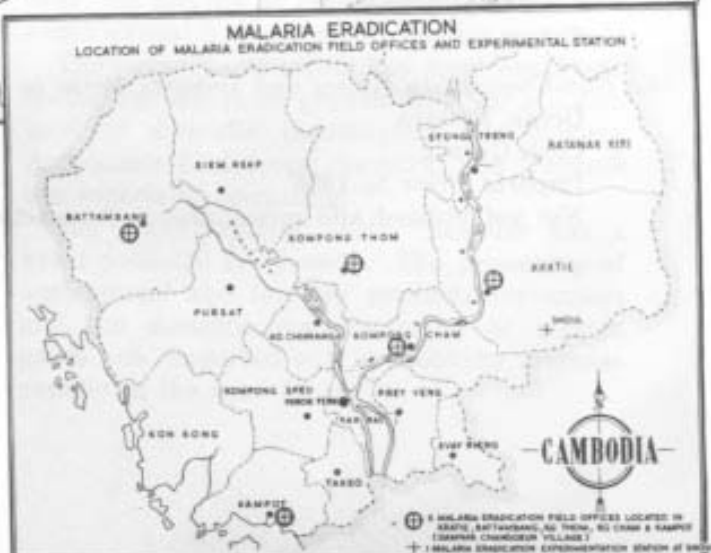
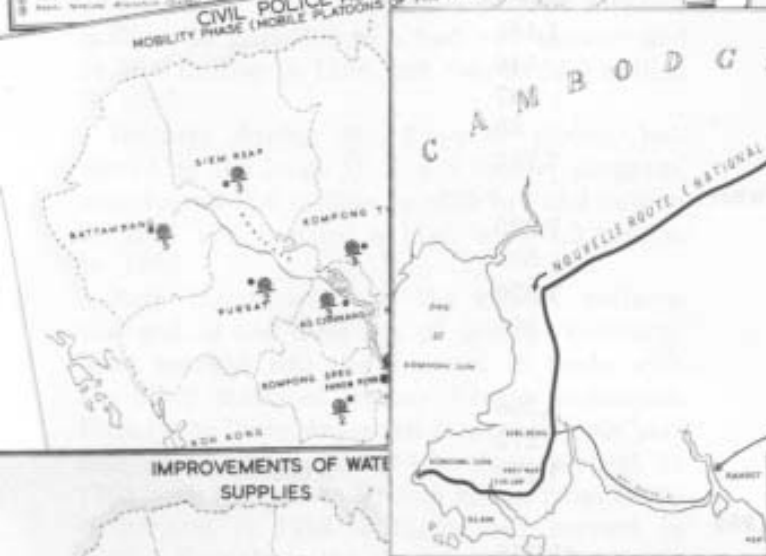
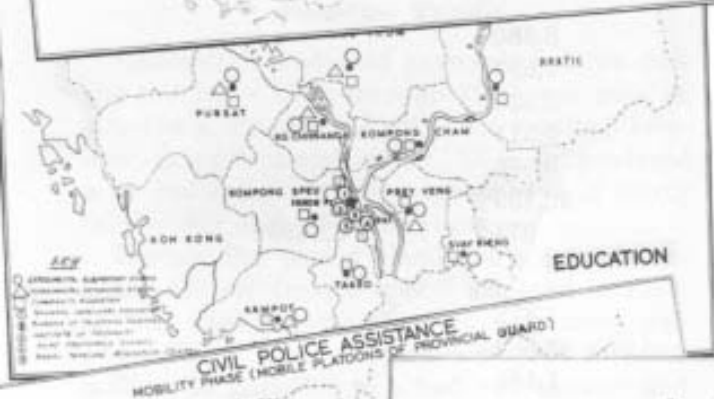
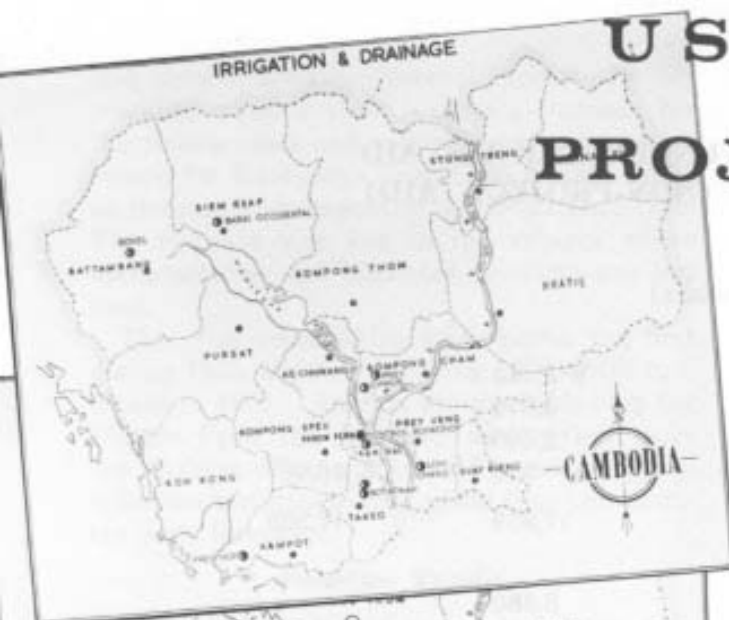
1955 - 1960

(Thousands of U. S. Dollars)

1. Food and Fertilizers			
Grains	\$ 3,423		
Sugar	4,071		
Dairy Products (Milk)	2,600		
Fertilizers	373	\$ 10,467	
2. Fuel (Petroleum Products)	17,839	17,839	
3. Raw Materials			
Iron and Steel Mill Materials	8,880		
Cement, Fibrocement and Glass	7,691		
Vegetable Fibres (excepting cotton)	2,938		
Pharmaceuticals	6,311		
Chemicals	3,560		
Textiles	32,139		
Wood Products and Paper	974	62,493	
4. Machinery and Vehicles			
Generators and Motors	1,872		
Electrical Apparatus	3,824		
Engines and Turbines	1,180		
Construction Machinery	516		
Machine Tools	447		
Agricultural Equipment	89		
Industrial Machinery	7,155		
Motor Vehicles and Parts (trucks and four-wheel drive vehicles)	7,226		
Aircraft and Parts	530		
Vessels and Equipment	1,570		
Miscellaneous Vehicles	901	25,310	
5. Miscellaneous			
Rubber Products (tires)	4,206		
Scientific Instruments	272		
Other	1,179	5,657	
6. Non-Commodity Group and Imports Prior to 1955			
Ocean Freight	13,555		
Cash Grants	12,189		
Imports Prior to 1955	7,800		
Not yet utilized and miscellaneous transactions	2,989	36,533	
		\$158,299	

USOM LIVESTOCK IMPROVEMENT & DISEASE CONTROL

PROJECTS





Opening of Farmers' Production Cooperatives.

AGRICULTURE

Agriculture, fisheries and forestry provide the essential livelihood of the Cambodian people and directly or indirectly constitute close to the whole structure of the Cambodian economy. As the overwhelming majority of Cambodian farmers are independent small landholders, their progress and welfare is of paramount political and social importance.

The independent small Cambodian farmers form a natural bulwark against the rise of totalitarianism if they are economically successful. Fortunately, Cambodia is not an overcrowded country but one with an expanding agrarian frontier. Unused arable land is abundant. The problem is that the Cambodian farmer has had little more than a subsistence livelihood due to low productivity and related problems.

U. S. aid provided through the five-year period under review twenty-two American technicians, and 184 Cambodians working in the government agricultural services received training in the United States and other countries.

Into commodities for the program and direct financial aid went \$3,383,000 and 215,219,000 reils from the counterpart reils funds. Over 400 Cambodian technicians received on-the-job training in Cambodian-American agricultural assistance projects.

Training those who will help the farmer is obviously a paramount necessity. A contract is being negotiated with an American land grant college to develop the curriculum and train staff in the Prek Leap School of Agriculture and the National School of Agriculture, Animal Husbandry and Forestry. These are practical schools and under the American aid program shop equipment, cultivating equipment, vehicles and other materiel have been provided and a U. S. technician has been available to help develop program and plan work schedules for each school. The directors of both schools, instructors and groups of graduates have made study trips under American aid auspices.

U. S. aid has made a contribution of

roughly half the ninety-three million riel increase in the funds of the agricultural cooperative credit system during the period 1954 to 1960. Farm loans increased from 21,500 to 65,000. Seventeen production cooperatives have been established involving 5,000 farmers and have been financed half-and-half by the Cambodian Government and U. S. aid. Under the American aid program thirty four Cambodians have gone abroad to study and observe the operation of cooperatives.

One American agricultural extension advisor started in 1955 with the new Cambodian agricultural extension service and five are now working in extension in the field of adult farmer extension, agricultural information, entomology, farm youth and home improvement. The service is now organized with a central staff and agricultural agents in the provinces. Posters, technical films, circulars and regular talks and demonstrations are being used. American aid provided three mobile film units. The Cambodian director of the service and two of his associates have gone to the United States to study and three more spent a month of observation and study in the Philippines.

A major portion of the financing for the



Pinning on of shoulder bands at graduation of Foresters from the National School, 1959.

Improved chickens are produced by the Veterinary Service and distributed to Cambodian farmers.



American aid agricultural program has gone into irrigation development. Over 140,000 acres of land have either been brought under new irrigation, under improved irrigation, or are in process of receiving better irrigation facilities.

Facilities for the repair of heavy equipment used in irrigation construction, maintenance and repair have been installed through the American aid program and training in operating the equipment and facilities given. Studies of soils, stream gauging, hydrologic studies and basin planning have been made and continue.

A crop development program is under way.

Through financial assistance and the services of an advisor the American aid organization has helped build up the forest guard school, construct a system of forest firebreaks, introduce new approaches to reforestation, aerial survey of forest resources and development of foreign forest products markets. Fifteen members of the Forest Service have been sent abroad for study observation tours.

Under the American aid program cattle diseases have been attacked, poultry and swine development programs launched and the fisheries protective service assisted both financially and through scientific investigation and advice.

EDUCATION

Independent Cambodia has demonstrated a firm intention to increase and improve its popular educational facilities. It is committed to a functional program of education, to the extension of educational opportunities to the maximum number of children, youth and adults possible. USOM/Cambodia's efforts to assist this program have been developed on a broad base of essential elements, such as the education of teachers and the development of sound curricula.

From 1955—when the first U. S. technician-educator arrived in Cambodia—through 1959, financial and technical assistance has been pro-

vided in the fields of elementary and secondary education, teacher training, vocational and technical training, preparation of textbooks, experimental schools, community development including adult education, rural education, arts and crafts and metal crafts. Throughout this period, the sum of \$1,761,946 and 203,110,000 riels, equivalent to US\$5,803,142, have been provided to assist education in Cambodia. The program has underwritten a wide variety of construction and a substantial amount of educational equipment. U. S. technical advisors have assisted at one time or another in each of the programs, and, as of the end of 1959,

The Rural Teacher Training Center at Kompong Kantuot, completed in 1957.





Commercial studies at Kompong Chhnang high school.

259 Cambodian teachers or teaching administrative personnel had received training in the U. S. or elsewhere abroad.

Initial requests for assistance were principally in primary and fundamental education, where the need was greatest. From 1956 on, projects were initiated to provide textbooks and other teaching materials, equipment and supplies, for construction of fourteen experimental schools, short-term training of teachers, educational conferences, and summer workshops to help meet pressing immediate needs for teachers.

The establishment and steady enlargement of the new National Rural Teacher Training Center at Kompong Kantuot has marked one of the major cooperative efforts of the Cambodian Government and the U. S. in the field of education. The Center was constructed through the joint planning of Cambodian educators and a professional U. S. staff secured under contract with the Unitarian Services Committee. It was opened to students in December of 1957 and today houses some 1,000 students. Its program is centered primarily on rural elementary teacher education and training in practical subject matters which will assist rural communities overcome some of their basic problems.

Assistance to secondary education has included construction of an addition to the existing secondary teacher training school, development of five provincial secondary schools, and training of secondary school teachers including fourteen professors who studied in the U. S. under the participant program.

Closely related to secondary education has been the development of vocational and technical education including development of curricula, teaching methods, and physical facilities of the arts and trades schools, the introduction of industrial arts activities into model secondary schools, and in-service workshops. A Technical Bureau in the Ministry of Education, providing complete facilities for an industrial trades vocational school, will be completed by 1962, and will house complete audio-visual production and servicing, a research and teaching materials production area and other essential goods and services. Sixteen community centers are in process of completion. A survey has been made of industry and practical education in Cambodia to determine the present needs of industry in terms of trades, skills, numbers of workers and the probable future requirements of industry.

The principal project of community education or rural development through education has been the creation, in cooperation with UNESCO, WHO, FAO and Cambodian Government services, of the National Center for Fundamental Education at Tonlé Bati. This proj-

Teacher training in English Language Laboratory assisted by USOM technicians.



ect devolves about the training of personnel in the principles, methods and techniques of village development. To date about 250 educators are established in fourteen provinces, working in demonstration teams to undertake village development action programs.

In accordance with the desires of the Cambodian Government to maintain English as a language offered in the schools, two special lan-

guage laboratories have been created; an arts and crafts office is being set up within the Ministry of Education to provide in-service training for teachers; and assistance to metal crafts, particularly the silversmith and goldsmith trades, is being provided through demonstration manuals, classes at the Ecole d'Beaux Arts and to rural village craftsmen through mobile demonstration units and model schools.



Dredges reclaim large areas of low land.

PUBLIC WORKS

Under the American aid program \$34,466,518 and 545,000,000 counterpart riels were invested in roads, bridges, airfield extension, dredges and dredging from June of 1954 to June of

1959. Of these investments by far the greater part was used to reconstruct and improve Cambodia's transportation network.

The major project was the construction of

HIGHLIGHTS OF 1959

THE KHMER-AMERICAN FRIENDSHIP HIGHWAY



His Royal Highness Prince Norodom Sihanouk, Prime Minister of Cambodia, the Honorable Fred A. Seaton, U.S. Secretary of the Interior, American Ambassador William C. Trimble and USOM Acting Director Charles A. Mann assisted the inauguration.



The Highway extends from the capital city of Phnom Penh to the port of Sihanoukville.

Cutting through dense jungle and across plains . . .



... Cambodian and American technicians worked together to build this highway.



a 226-kilometer-long highway from Phnom Penh, the capital and traffic center of Cambodia, to the new French-built port at Sihanoukville. The road has a seven-meter wide asphalt pavement with two-and-a-half-meter wide compacted shoulders and cost about thirty two million dollars, of which the Cambodian Government contributed \$650,000 from National Budget funds.

Together, the port of Sihanoukville, when all facilities have been completed, and the highway, known as the Khmer-American Friendship Highway, will make Cambodia a maritime nation. Previously Cambodia had possessed its coastline but no actual port for ocean-going vessels of any importance and no major transport route to the coast.

Reconstruction of the shattered road system, previously existing, has been a vital accomplishment of the Cambodian Government and the American aid program. Through American aid, road and bridge construction and materials such as asphalt, cement, corrugated metal pipe, and reinforcing steel were provided as well as equipment. Sixty two bridges (most of them destroyed by Vietminh bandits), nineteen box culverts, sixteen pipe culverts and over 1,200 kilometers of road have been rebuilt. An additional bridge and eighty-three kilometers of

road were still under construction late in 1959.

A center for road and equipment maintenance has been established and properly equipped.

Four dredges costing \$1,620,000 were secured and a dredging expert has assisted in setting up a dredging service that is now self-supporting. Navigation to the port of Phnom Penh for vessels of up to 3,500 tons' burden, the maximum size of vessel commonly bringing goods from the major entry ports and carrying away exports, has been assured. Other extensive dredge fill has been completed. U. S. aid contributed 70,686,000 counterpart riels to the dredging operation.

Several air fields have been improved. Final steps are being taken to bring an important quarry back into operation. Electric generating plants were supplied to various communities and American aid experts have made a preliminary survey in connection with the water supply system for the new port of Sihanoukville and possible hydroelectric power.

Two river ferry boats of 40-ton capacity each and at a cost of \$166,825 were furnished Cambodia by the Mission. These ferry boats in part relieve a major congestion at river crossings and allow for extensive and badly needed repairs to existing boats.

New ferryboats improve water transport.





Malaria control and eradication project in operation.

PUBLIC HEALTH

Cambodia has long been plagued and weakened by the diseases prevalent in tropical countries and difficult to combat. The country is now moving forward into a program of disease prevention with WHO, U. S. and other assistance, after dealing with the urgent crisis in the health field that had arisen out of the wartime and postwar confusion and poverty.

U. S. aid obligated during the period from June of 1954 through June of 1959 \$2,269,000 and 80,954,000 counterpart riels to public health assistance.

Hospitals were stripped at the time and drug

and other supplies nearly exhausted. Beds, operating equipment, surgical instruments, X-ray machines, basic laboratory equipment, air conditioners, autoclaves, pipes, pumps and other equipment were rushed in and installed. Supplies were imported and distributed. This program cost \$885,000.

As the program moved forward, a new building was constructed for the Royal School of Medicine, financial assistance was given for the construction of new facilities for the Buddhist Hospital. For the children's hospital \$205,714 in counterpart riels were made available. A

grant was given to the Phnom Penh maternity hospital. An urban health center, which will also serve as a demonstration project was constructed at Tuk La'ak.

The Takhmau Rural Health Center was constructed and equipped under the U. S. aid program and staffed by WHO. It provides modern health services and is used as a training center for health personnel.

Pure water supply equipment has been provided and is being installed for five municipalities. Six hundred and two village wells have been drilled or dug to ensure a purer water supply in rural areas.

Under a health educator training program, a corps of health educators has been created.

The World Health Organization and the U. S. Aid organization have cooperated in financing the malaria eradication campaign undertaken by the Malaria Control Service of the Cambodian Ministry of Health. Malaria has been a serious problem in Cambodia. The campaign has included the spraying of homes, distribution of drugs, laboratory work and special training. A permanent malaria eradication service is being set up.

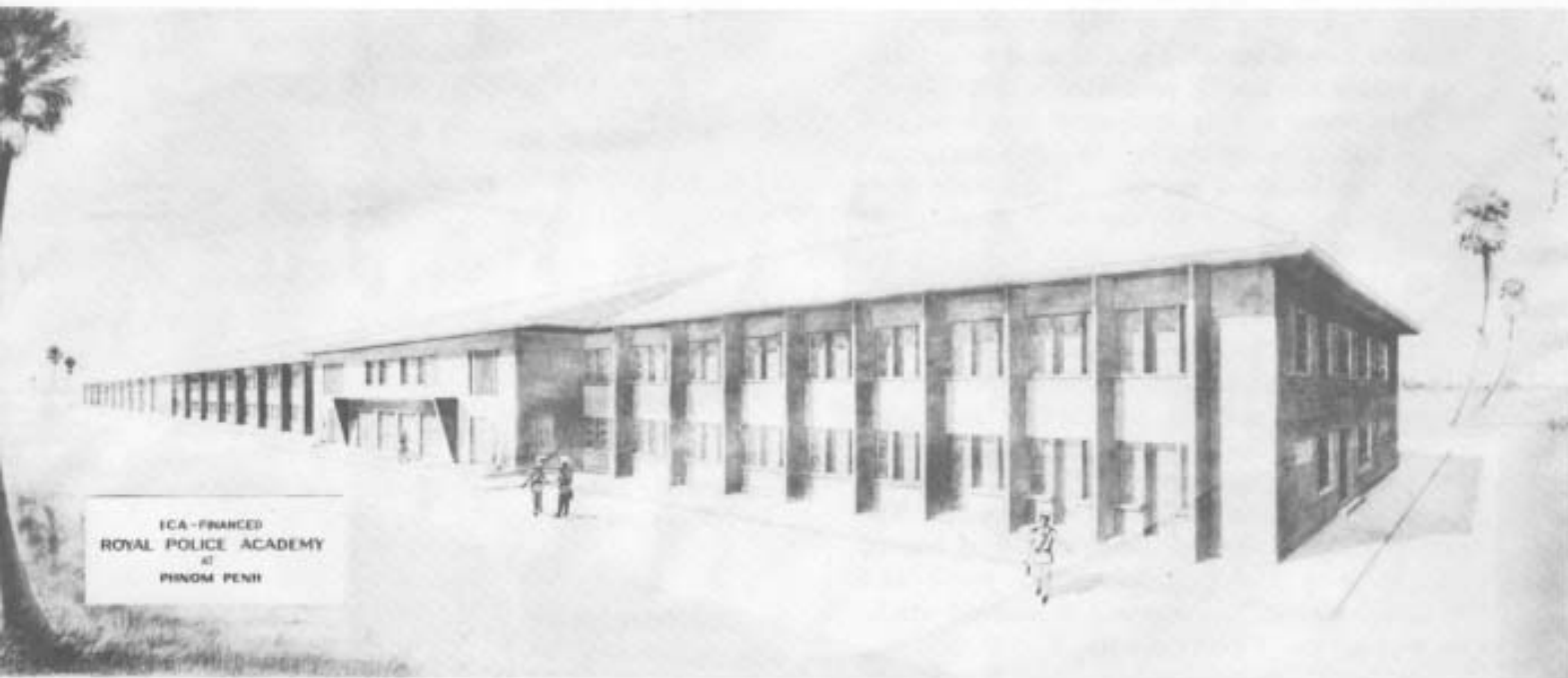
Eighteen Cambodians have gone abroad for training in public health fields and a further four are abroad for training or are scheduled to go during 1960.



The World Health Organization and USOM are cooperating with Cambodian technicians to improve health centers.



Hand drilled wells, one of two kinds of well drilling introduced to secure safe water supplies in the rural areas of Cambodia.



The Royal Police Academy in Phnom Penh is nearly completed.

Internal security and order are prime requisites of economic progress. Southeast Asia nations, like many others, have been faced with the problem of lawlessness arising out of the Second World War and its aftermath.

The U. S. aid police assistance program started in June of 1957 and through to June 1959 had budgeted \$1,013,700 and 9,830,000 in counterpart riels for the provision of equipment, essential construction costs, training and the services of eight American police technicians.

In a country consisting of a large number of villages and with large sparsely inhabited forest areas rapid police communication and police mobility are a necessity. The village people must be assured that police protection is readily available and the lawless elements

be convinced that the long arm of the law reaches everywhere.

To increase police mobility, \$654,480 has been expended to provide 183 motor vehicles

Jeeps and other motor vehicle equipment increase police mobility.



and their spare parts, thirty-five outboard motors for police boats, and for a central police vehicle repair facility projected for Phnom Penh.

For police communication, a primary network of fifteen fixed stations connected by radio is to be established and the country is to be further covered by a network of sixty-four police radio substations. Mobile transmitter receivers and monitoring receivers are to be provided and a radio repair facility. For this aspect of the total project \$270,000 had been budgeted up to June 1959.

A modern national identification and records system is under planning for the national police headquarters so that identification and crime data can be effectively processed and evaluated. A photo laboratory and other necessary equipment will bring the total estimated cost to \$18,000. A records and identification advisor is at work and another will join him as identification and records instruction will also be given in the new Royal Police Academy.

The Police Academy constructed with U. S. aid funds and designed by an American architect advisor will open during 1960. Equipment is being provided for the police academy and has been provided for the Basic Training Center for Police at Kompong Chhnang. American aid obligated \$260,000 for construction of the police academy and \$50,000 for



Training in use of radio equipment for police communications.

equipment. Seventeen police officers have been sent abroad for observation and study and twenty-seven more are scheduled to go during 1960. A standardization of police arms program is also under way, and equipment is being furnished to improve traffic safety in Phnom Penh.



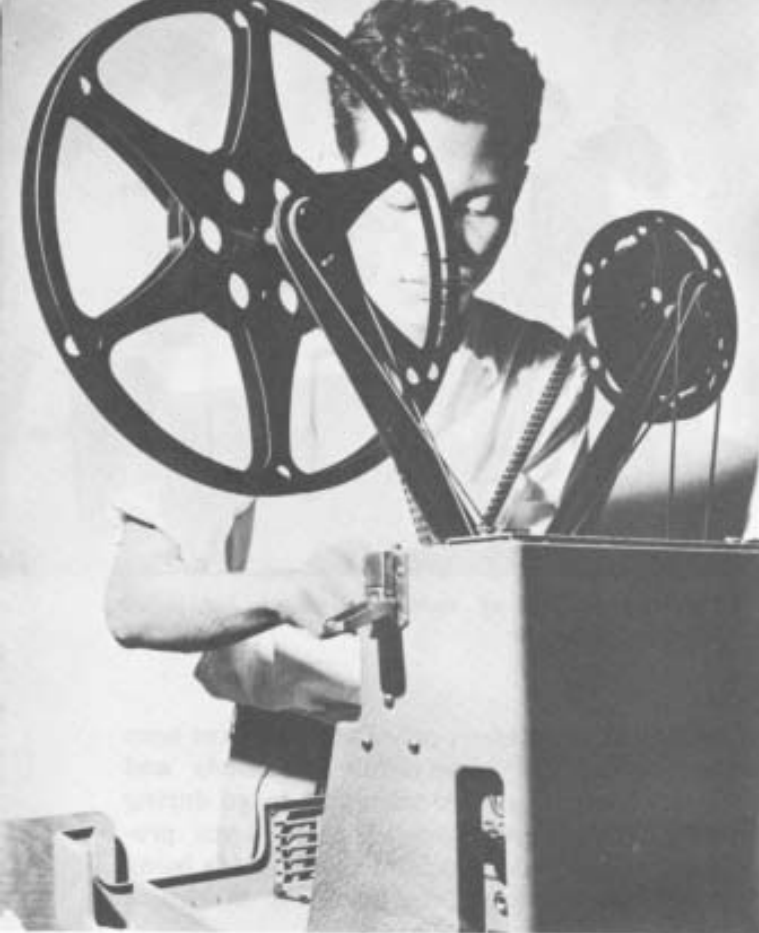
PUBLIC ADMINISTRATION

Technical assistance in the field of public administration began in 1958 and has been almost entirely advisory in character.

Expenditures have accordingly been quite limited, amounting to US\$86,000 and 735,000 riels. The dollar expenditures have been for advisory services, with \$15,000 earmarked for participant training and \$11,000 for demon-

stration equipment, principally certain types of office machinery.

The activities of the advisory technicians have been centered on improving government financial organization and fiscal administration as a primary goal and on planning for the use of fiscal resources. Assistance in improving the revenue administration is projected.



Audiovisual seminars and workshops...

COMMUNICATIONS MEDIA

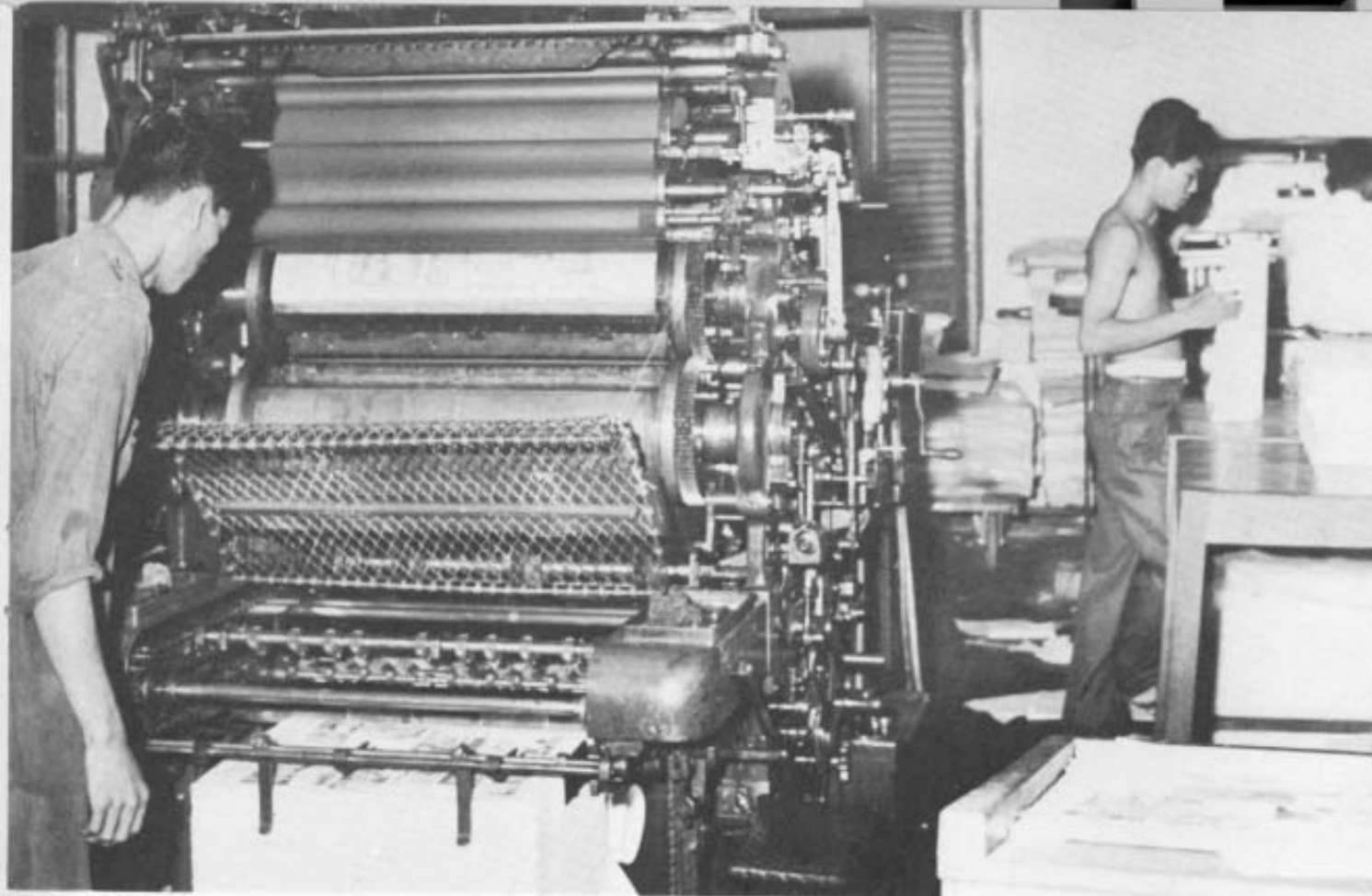
U. S. assistance in the field of communications media has comprised a project to help the Cambodian Government improve its capacity for communicating with its own people through the media of radio, publications, press, films and related media since the inception of this program in 1952. US\$773,000 and the equivalent of \$959,000 in counterpart currency have been extended in financial and technical assistance directed principally toward broadening the base of the Cambodian Ministry of Information to enable it to serve more effectively the social and economic information needs of the country.

In order to ameliorate the almost completely undeveloped status of communications in Cambodia following the Vietminh attacks, the U.S. in the early years of the program supplied 285 radio receiving sets and 250 generators, a 1-KW standby transmitter, three mobile units and auxiliary equipment, supplies and services to meet local need for communications media.

From 1955 to 1959, a continuous cooperative program of expansion of information facilities, principally through the Ministry of Information, has resulted in the construction and equipping of a modern offset printing plant—the only one of its kind in the country—and the complete training of its personnel; the acquisition of fifty motion picture projectors and the training of local operators from all sections of the country; the procurement of six additional audio-visual mobile units, fully equipped, and personnel trained to operate them; and the equipping of a complete modern photographic laboratory in the Ministry.

... build communications media services.





Offset printing plant.

To assist the radio broadcasting station, four radio studios and two control rooms are being renovated or newly constructed, and complete radio studio broadcast equipment is being supplied. A radio maintenance and repair shop has been established in the Ministry and four technicians trained to operate it, as well as a mobile repair truck for travel to remote villages to serve rural radio owners. Further to assist the Cambodian Government expand its information facilities, the program has provided 255 public address systems, including microphones and amplifiers. Also, a pilot project of multiple speaker installation in villages is increasing the listening effect of both rural radio and public address installations. Assistance is being rendered the motion picture section of the Ministry of Information.

In all of the above fields, in addition to financial assistance, through procurement of equipment and supplies, the training of technicians in specific media has been provided through continuous training abroad under the

participant program and audio-visual seminars and workshops. Although this program has been carried on principally with Ministry of Information, joint Cambodian-U.S. efforts to improve communications with the general population have included assistance and participation by other ministries such as Education, Agriculture and Public Health, both in use of equipment and training of personnel.

In addition, the communications media program includes program support assistance to all ministries through the constant production in USOM and dissemination of audio-visual materials in all media, e.g., posters, pamphlets, films, film strips, exhibits, mobile expositions, and radio.



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