

Development Cooperation Policy

July 2017

1. Development cooperation objectives for Cambodia

Cambodia is at the core of the Southern Economic Corridor and further development of the country is essential to enhance stability and prosperity in the ASEAN Economic Community (AEC). Moreover, Cambodia's role in facilitating economic integration and promoting cooperation in the region is becoming increasingly important.

Since the Paris Peace Agreement in 1991, Japan has been actively involved in Cambodia's reconstruction and development, including the dispatch of the first full scale Japanese peacekeeping mission. Cambodia is, therefore, a successful example of Japan's assistance in peacebuilding.

In December 2013, both countries agreed to upgrade bilateral relations to a "strategic partnership" and to coordinate and cooperate with each other more closely on regional and international issues.

For more than 20 years, since the end of the civil war, Cambodia has achieved steady economic growth and poverty reduction and it was designated a lower-middle income country in July 2016. On the other hand, the Cambodian economy is still vulnerable and the country faces new challenges, such as the disparity between urban and rural areas and the intensification of urbanization problems in Phnom Penh.

In response to these issues, the Royal Government of Cambodia adopted a series of development goals, including the "Rectangular Strategy", the "National Strategic Development Plan (NSDP)" and the "Industrial Development Policy (IDP)", and is working to overcome these challenges. Japan is actively supporting the efforts of the Royal Government of Cambodia in finding solutions to these issues.

In the future, it will be necessary to further strengthen the country's socio-economic foundations in order to build on various past development achievements delivered with Japanese assistance. Attention will also need to be paid to the enhancement of connectivity in the Mekong region to further promote regional integration. Through its comprehensive cooperation, Japan will continue supporting

the country's sustainable development and further enhancing friendly and cooperative relations with Cambodia.

2. Japan's Official Development Assistance (ODA) policy (overall goals): support the further strengthening of socio-economic foundations to achieve an upper-middle income country status by 2030.

In its past development assistance, Japan prioritized strengthening socio-economic foundations, promoting social development and strengthening governance, leading to various tangible achievements.

Building on these achievements, Japan will continue to provide assistance to encourage the further strengthening of socio-economic foundations. More precisely, Japan will support the development of quality infrastructure and human resources at a higher level for the benefit of future generations and in order to realize Cambodia's goal of achieving an upper-middle income country status by 2030.

Bearing in mind the need to pursue Human Security, Japan is supporting the Royal Government of Cambodia in addressing issues such as the disparity between urban and rural areas and the intensification of urban problems in Phnom Penh. Japan regards the strengthening of governance, including the rule of law, as a challenge for Cambodian society as a whole and is, therefore, supporting efforts in this area.

3. Priority areas (goals)

(1) Industrial development

With the aim of promoting regional connectivity and industrial development, Japan will provide assistance for:

- strengthening distribution networks, including both hard and soft infrastructure (e.g. roads, ports, the procedures of customs and excise, etc),
- improving the investment environment,
- ensuring a stable energy supply that is indispensable for industrial development,
- developing human resources in industry.

Japan, recognizing the importance of establishing "food value chains", will also promote agriculture, which is a major industry in rural areas.

(2) Better quality of life

With the aim of delivering improved quality of people's life, Japan will provide assistance in the following areas, which are conducive to developing the urban life environment:

- water supply, sewage and drainage,
- power supply (specifically reducing the number of areas without electricity),
- urban transportation (e.g. urban railways, public buses, and vehicle registration).

Japan will also promote cooperation in the fields of health and social security, with a view to accomplishing universal health coverage.

(3) Realizing a sustainable society through the strengthening of governance

With the aim of achieving a sustainable society through strengthening of governance in the medium- to long- term future, Japan will provide assistance in the following areas:

- strengthening the organization within administrative institutions,
- improving the quality of public services by building capacity for public servants,
- improving quality in the legal system through the development of capacity in human resources specifically with regard to the civil code, the code of civil procedure, etc.,
- further consolidating democracy including supporting the electoral reform,
- improving environmental management,
- continuing landmine and unexploded ordnance (UXOs) clearance.

4. Additional points to be taken into consideration

(1) The promotion of measures for the Mekong region which Japan regards as particularly important include the strengthening of regional connectivity through such initiatives as the "Southern Economic Corridor", the "Japan-Mekong Connectivity Initiative", etc.; the development of quality hard and soft infrastructure; and the development of human resources to support industrial growth.

(2) The promotion of development assistance through collaboration with civil society, between public and private sectors, and with Japanese local governments, as well as the promotion of investment from Japanese companies.

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