

Third Party Evaluation Report 2017
Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of Cambodia

February 2018
Waseda University

Preface

This report, under the title Country Assistance Evaluation of Cambodia was undertaken by Waseda University entrusted by the Ministry of Foreign Affairs of Japan (MOFA) in fiscal year 2017.

Since its commencement in 1954, Japan's Official Development Assistance (ODA) has contributed to the development of partner countries, and has contributed to bringing solutions for international issues that vary over time. Recently, in both Japan and the international community, implementing ODA requires higher effectiveness and efficiency. MOFA has been conducting ODA evaluations every year, most of which are conducted at the policy level with two main objectives: to improve the management of ODA and to ensure its accountability. The evaluations are conducted by third parties, in order to enhance transparency and objectivity.

This evaluation study was conducted with the objective of reviewing Japan's overall policies on assistance to Cambodia, including the Country Assistance Policy for Cambodia (2012, 2017), drawing on lessons from this review to make recommendations for reference in policy planning and its effective and efficient implementation of future assistance to Cambodia by the Government of Japan, and ensuring accountability by making the evaluation results widely available to the general public.

Professor Juichi Inada of the Department of Economics, Senshu University, served as a chief evaluator supervising the entire evaluation process, and Associate Professor Masato Noda of the Department of Humanities and Social Sciences, Ibaraki University, served as an advisor sharing his expertise on Cambodia. They have made enormous contributions from the beginning of the study to the completion of this report. In addition, in the course of this study both in Japan and in Cambodia, we have benefited from the cooperation of MOFA, the Japan International Cooperation Agency (JICA), and the local ODA related staff, as well as local government agencies, donors, and many other people. We would like to take this opportunity to express our sincere gratitude to all those involved in this study.

Finally, the Evaluation Team wishes to note that opinions expressed in this report do not necessarily reflect the views or positions of the Government of Japan.

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Note: This English version of the Evaluation Report is a summary of the Japanese Evaluation Report of "Country Assistance Evaluation of Cambodia."

• Executive Summary: Country Assistance Evaluation of Cambodia

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Target Period of Evaluation:

June 2012 – December 2017

Period of Evaluation Study:

August 2017 - February 2018

Field Survey Country: Cambodia



Angkor Wat West Road
Reparation Project

Background, Purposes, and Objects of the Evaluation

Japan and Cambodia have a good political and economic relationship, and in terms of the aspect of strengthening the relations with the Mekong countries in trade and investment, the continued support to the country is of great importance. This evaluation comprehensively evaluates Japan's ODA policies for Cambodia, considering the significance of ODA to Cambodia. Its purpose is to obtain recommendations and draw lessons for policymaking and operation of future ODA policies.

Overview of the Evaluation Results

1. Evaluation from Development Viewpoints

(1) Relevance of Policies (Rating: B, satisfactory)

Japan's ODA for Cambodia is consistent with Cambodia's development needs, Japan's higher-level policies, and the international priority. Through cooperation with other donors, Japan has been successfully producing interactive results. However, Japan's comparative advantage is decreasing because other donors including China have begun using Japanese assistance approach. While the quality of Japan's aid is said to be high, the quantity is low compare to China.

(2) Effectiveness of Results (Rating: C, partially unsatisfactory)

Japan's aid for Cambodia is effective in the roads, electricity, water supply, and health care sectors. In the water supply sector, the rate of access to safe water has significantly improved. On the other hand, the effects on agricultural and educational sectors have not been confirmed since the appearance of the effects requires time. In governance sector, Japan has been providing assistance for human resources development to tackle corruption, develop legal and judicial system, manage financial administration, and reform public administration. However, due to the issues of low financial transparency, skills shortages and corruption of judiciary authorities, the effectiveness is not high.

(3) Appropriateness of Processes (Rating: B, satisfactory)

Japan's ODA policies for Cambodia have responded to Cambodia's developmental needs and have been formulated through appropriate procedures. The policy monitoring and follow-up have been implemented appropriately,

except that it is difficult to understand how public opinion and the results of previous third-party evaluations are utilized in policymaking.

2. Evaluation from Diplomatic Viewpoints

Since its inception in 1954, Japan's ODA to Cambodia has been highly regarded by the Cambodian government and citizens. Due to frequent exchange visits and bilateral meetings, the relationship between the two countries developed from a donor-recipient to a strategic partnership. Considering Cambodia's geopolitical importance, Japan's continued assistance will be an asset to Japan's diplomacy.

Recommendations

1. Continuing support for "high quality infrastructure," and simplification and speed-up of the procedure

Since Japan is not the top donor anymore in terms of quantity, it should build a position as the best donor by promoting "high quality infrastructure" to the Cambodian government. To improve efficacy, Ministry of Foreign Affairs of Japan and JICA should further simplify the administrative procedure.

2. Broader cooperation between aid agencies and utilization of private funds to secure quality and quantity

To increase aid quantity, the government of Japan should cooperate with the private sector and donor agencies. Agencies such as the Japan Bank for International Cooperation (JBIC) and the Asian Development Bank (ADB) that are good options as they are capable of making large financial contributions. Effective and efficient cooperation with these agencies will also bolster the quality of infrastructure.

3. Expansion of ODA for human resources development and strengthening of cooperative relationship

Cambodians who have studied in Japan have been making economic and developmental contributions in Cambodia. Japan should provide more opportunities for Cambodians to pursue their studies in Japan to not only support Cambodia's development but also establish tighter bilateral relationship. Further, since the lack of human resources is one of Cambodia's urgent problems, Japan should increase assistance for their educational policies reform, including training and reinforcement of teachers. The project for water supply system that Japan's City of Kitakyushu supports has provided opportunities for the young staff in the city to learn, so establishing reciprocal cooperative relations between the two countries is desirable.

4. Involvement in governance improvement and expansion of cooperation through participation of broader strata of citizens

To ensure Cambodia to receive the required support to build a society based on good governance and lawfulness, Japan must continue to deliver effective aid. In this effort, Japan should seek assistance from NGO's, civil society and judicial officials to achieve positive outcome. The lawful support will distinguish Japan's aid from other donors such as China. Giving them honest opinion would be necessary to be a true partner of Cambodia.

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Chapter 1 Implementing Procedure for the Evaluation

1-1 Background and Purpose of the Evaluation

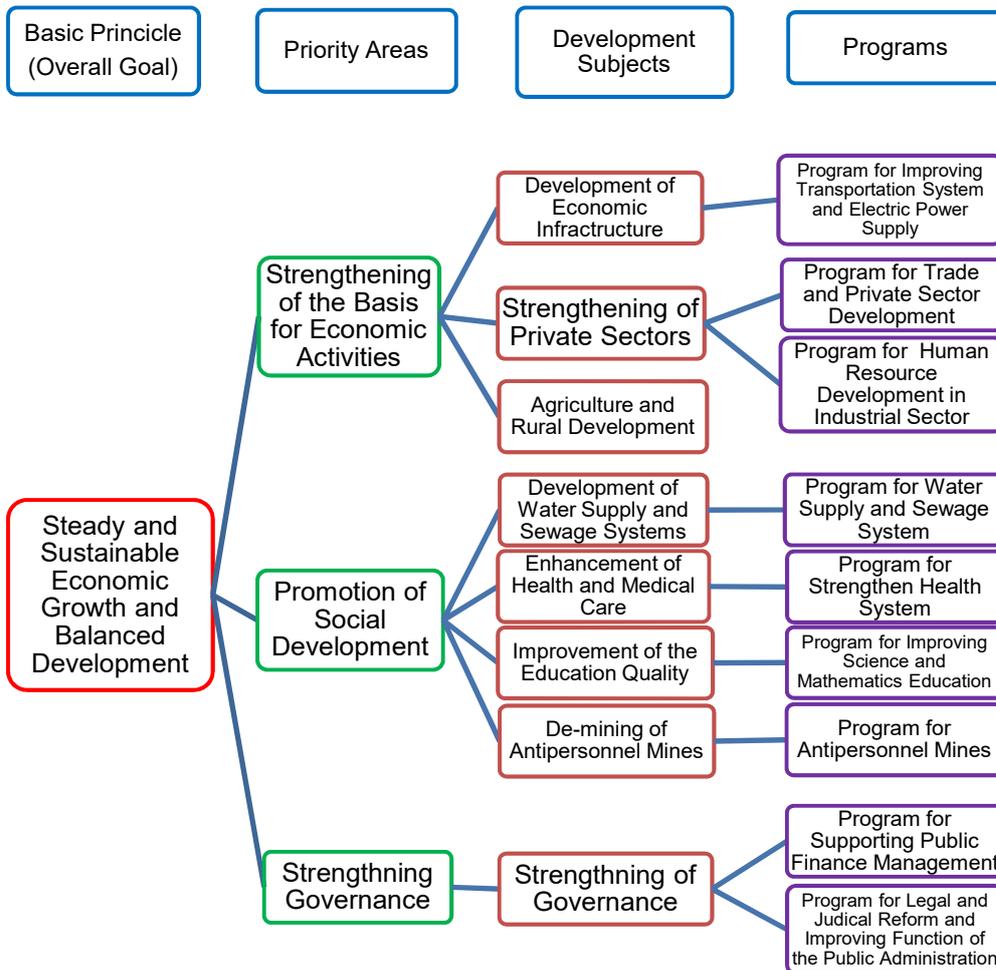
Cambodia has a rich cultural and natural heritage, and tourism and service sectors account for about 40% of the GDP. However, it is still one of the poorest countries in the ASEAN region, and poverty eradication and economic development are promoted. Moreover, whereas the lack of human resources in many fields is severe due to the past civil war, the ratio of the young generation in the total population is high and there is potential for further development. To support ASEAN integration and closing its disparities in the region, Japan has pledged to expand the official development assistance (ODA) to Cambodia and the entire region. Economic and investment agreements between two countries have boosted investment from Japanese private sector to Cambodia. As a result, for the target of “steady and sustainable economic growth and balanced development,” Japan supports the achievement of Cambodia’s development goals centering around “Rectangular Strategy” (a national strategy whose four focused problems are the strengthening of the agricultural field, private sector development and employment generation, recovery and building of infrastructure, and capability building and human resources development). Japan also sets assuring human security and the sustainability of the environment as a core principle and provides aid in three priority areas including 1) strengthening of the basis for economic activities, 2) promotion of social development and 3) strengthening of governance.

1-2 Objects of the Evaluation

This evaluation report deals with Japan’s ODA policies for Cambodia comprehensively. It was conducted based on the tenth version of the ODA Evaluation Guidelines (June 2016). To define the range of the targets of the evaluation, the evaluation team created the following objective framework, referring to “Developmental Cooperation Policy for Cambodia”¹ (established in 2012, revised in 2017) and “Rolling Plan”.

¹ In this report, we use the term “Country Assistance Policy for Cambodia,” but “Country Assistance Policy” (2012) or “Country Assistance Plan” (2005) with the names and years at that time, when necessary.

Figure 0-1 Objective Framework



Source: Created by the evaluation team based on the "Development Assistance Policy for Cambodia" (2012).

• 1-3 Evaluation Method

• 1-3-1 Analytic Methods for the Evaluation

Upon this evaluation, based on the tenth version of the ODA Evaluation Guidelines (June 2016), the evaluation team set three points as evaluation criteria from development viewpoints: Relevance of Policies, Effectiveness of Results, and Appropriateness of Processes. Moreover, considering the aspect of Japan's national interest, the team added Diplomatic Importance and Diplomatic Impacts as the criteria from diplomatic viewpoints.

• 1-3-2 Framework of the Evaluation

Upon the evaluation of development viewpoints, the team evaluated using the policies based on a four-point scale criterion of A (highly satisfactory), B

(satisfactory), C (partially unsatisfactory), and D (unsatisfactory).

• 1-3-3 Limitations to the Evaluation

To measure the impact of Japanese ODA, the evaluation team has employed qualitative analysis, whereas quantitative analysis is desirable to secure objectivity, due to the lack of data availability. Further, because not only Japan but also other donors support and contribute to Cambodian development, it is difficult to detect direct causal relations between Japanese aid and Cambodia's development.

• **Chapter 2 Overviews and Trends of Development in Cambodia**

• 2-1 Overview of Cambodia's General Situation

2-1-1 Political Trends

In July 2013, the fifth general elections were held, and the Hun Sen government was formed. In the June 2017 communal elections, although the ruling party was dominant overall, opposition parties were favored in rural areas. However, since the Cambodia National Rescue Party, the largest opposition party, was ruled to be dissolved by the Supreme Court of Cambodia, it is predicted that the de facto one-party system will continue after the 2018 general elections.

• 2-1-2 Overview of the Cambodian Economy

The Cambodian economy was marked by an economic development rate of over 10% from 2004 to 2007. However, due to the influence of the failure of Lehman Brothers, the economic growth rate decreased to 0.1% in 2009. The rate recovered to 6.0% in 2010, and an increase of around 7% has continued after 2011. Cambodia abounds with nature and historical and cultural resources such as Angkor Watt and depends highly on the tourism sector. According to the World Bank East Asia and Pacific Economic Update, Cambodia's GDP growth rate will slightly decrease to 6.9% in 2018 and to 6.7% in 2019. The GNP per capita in Cambodia is 1,140 US dollars (estimated in 2015, IMF), and Cambodia is regarded as a low-middle income country.

• 2-1-3 Overview of the Cambodian Society

In 2013, the Ministry of Planning of Cambodia published the revised national poverty line for the first time since 1997, and this poverty line and the poverty rate from the Cambodian social economic survey are adopted in the National Strategic Development Plan (NSDP), and so on. According to this, the poverty rate has decreased year by year, and it is 17.7% across Cambodia according to the latest statistics from 2012. However, although 60% of the poverty was eradicated in urban areas from 2008 to 2012, only about 46% was eradicated in rural ones in

the same time period, so there is a difference in improvement rates between urban and rural areas.

- 2-2 Overview of Cambodia's Development Situation

- 2-2-1 Cambodia's Vision 2030

The Cambodian government formulated a national long-term developmental vision, Cambodia's Vision 2030, led by the Supreme National Economic Council (SNEC). It sets "dynamic political institutions, economic development, and national prosperity based on a fair society" as an overall vision, and holds up "continuous, comprehensive green development," "organizational institutions and the reinforcement of governance," "a just, fair, and harmonious society," and "extension of national identity" as roads to its achievement. Sustained 7% growth rates are set as an economic development goal to be an upper-middle income country by 2030, and a high-income country by 2050.

- 2-2-2 Rectangular Strategy Phase-3

After the July 2013 general elections, Cambodian government formed at the end of September published a national five-year strategy called "Rectangular Strategy" (RS). It not only kept strategic goals about "development, employment, justice, and efficiency" in RS Phase-2, but also states the long-term vision that Cambodia will be an upper-middle income country by 2030 and a high-income country by 2050. Following RS Phase-2, it sets "good governance" (anti-corruption measures, law and judiciary reforms, administrative reforms, and national armed forces reforms) as the core, and sectors of 1) agriculture, 2) rehabilitation and maintenance of infrastructure, 3) private sectors and employment promotion, and 4) capacity building and human resources development as primary areas.

- 2-2-3 National Strategic Development Plan 2014-2018

National Strategic Development Plan (NSDP) is positioned as a concrete implementation activity plan or five-year plan of RS-Phase 3.

NSDP (2014-2018) is the program succeeding NSDP (2009-2013); it overviews the outputs of the last five years, presents target values of macroeconomic management and each sector and theme that should be achieved, and shows the action plans each ministry and agency should implement. This document is the basis for the performance-based budget.

- 2-2-4 Industrial Development Policy (IDP) 2015-2025

Industrial Development Policy (IDP) was published by Cambodian government in 2016. Focusing on industrial development policy, it presented focused fields

for policy improvement and action plans of each sector to be a high-middle income country.

- 2-3 Aid Coordination and Aid Trends of Donors

- 2-3-1 Framework for Aid Coordination

In Cambodia, the Council for the Development of Cambodia (CDC) has mainly coordinated foreign aid since 2004. CDC is the supreme decision-making body on aid coordination through bilateral and international institutions, and its chair is the Prime Minister Hun Sen. Technical working groups (TWG) are established in 20 areas as subsidiary bodies. Ministers and minister-level cabinet members of each ministry and agency are in charge of TWGs, and leading countries and organizations manage the aid coordination. Japan is a leading country in the areas of infrastructure and regional integration, and gender.

- 2-3-2 Trends in the Total Amount of Aid

According to the analysis of the ODA database by CDC, the total amount of aid has constantly increased from 2007 to 2012 and, although it has decreased since 2013, it reached 1,343 million US dollars in 2015. This means that the ODA amounts to about half of the national budget. The percentage of grants decreased from 80% in 2006 to 60% in 2016, and loans from China, Japan, South Korea, and Asian Development Bank (ADB) tend to increase instead.

- 2-3-3 Trends in Bilateral Aid

China and Cambodia have strengthened their political and economic relations recently, and China's influence on Cambodia has increased in every field. According to the CDC database, China's ODA increased from 5 million US dollars in 2002 to 154 million in 2010, and it has made China become the top donor, exceeding Japan's aid since then.

- 2-3-4 Trends in Aid through International Organizations

Based on the amount of the expenses in 2015 (133 million US dollars), ADB is the third largest donor after China and Japan, and the top donor among international organizations. Because the World Bank worsened its relationship with the Cambodian government, ADB is expected to play a key role in aid coordination, replacing the World Bank's position.

The Delegation of the European Union has contributed about 40 to 60 million US dollars per year recently. Moreover, on problems about democracy and human rights, it formulated "Action Plan on Human Rights and Democracy" in 2015, and it centers on EU aid. It includes delicate problems for Cambodia.

•2-3-5 Trends in Aid through Non-governmental Organizations (NGOs)

According to the statistics in 2015, in Cambodia, aid through NGOs amounts to 328.8 million US dollars, over 20% of the total ODA. The main fields of aid through NGOs include health care, education, community welfare, and agriculture. On the other hand, bilateral developmental agencies, especially NGO aid through USAID, have huge weights in health care, agriculture and governance sectors.

•2-4 Trends in Japanese Aid for Cambodia

•2-4-1 Overview of Japan's Aid Policy for Cambodia

In July 2017, "Development Cooperation Policy for Cambodia" was published by Ministry of Foreign Affairs of Japan (MOFA). According to this, Cambodia's developmental policies, such as "Rectangular Strategy," "National Strategic Development Plan" (NSDP), and "Industrial Development Policy" (IDP), are continuously supported. Further, Japan's Development Cooperation Policy (2017) reviews Country Assistance Policy for Cambodia (2012) and summarizes that Japan has supported Cambodia in priority areas such as "the strengthening of the basic for economic activities," "promotion of social development," and "the strengthening of governance", and its outcome has appeared.

In addition, the policy aims to, considering the results up to now, promote Cambodia's economic and social infrastructure. Japan's overall goal is to help Cambodia build a better infrastructure and develop next generations' human resources and be a high-middle income country by 2030. Moreover, to pursue human security, Japan aims to support Cambodia to solve the disparity between urban and rural areas and exacerbation of urban problems in Phnom Penh. The policy states that Japan will cooperate with Cambodia to strengthen governance, such as the consolidation of the rule of law, to benefit the entire Cambodian society.

•2-4-2 Outputs of Japanese Aid for Cambodia

In total, Japan has provided 1,885.12 million Japanese yen in grant aid, 1,056.8 million yen for loans, and 786.65 million yen for technical cooperation to Cambodia. Although Cambodia is a recipient country of yen loans, as the size of grant aid per project is large, the part of Japanese grant aid to Cambodia is high. Also, Cambodia desires ODA favorable to its side. The Cambodian economy has constant current account deficit, so it does not want increase in its external debts.

Chapter 3 Evaluation from Development Viewpoints

3-1 Relevance of Policies

3-1-1 Consistency with Development Needs of Cambodia

(1) Consistency with Cambodia's Rectangular Strategy

The overall goal of Japan's Country Assistance Policy for Cambodia (2012) is "steady and sustainable economic growth and balanced development." The Policy de-emphasizes a nuance of "reducing poverty," which was emphasized in the Policy published in 2002. The Country Assistance Policy for Cambodia (2012) is centered on economic growth and its expression is oriented toward "steady and sustainable" (that is, eco-friendly) and "balanced" growth (economic growth that also benefits the poor and reduces inequality between urban and rural areas). Furthermore, the Policy lists pillars of priority: (1) strengthening of the basis for economic activities (development of economic infrastructure, strengthening of the private sector and agriculture and rural development), (2) promotion of social development (development of water supply and sewage system, enhancement of health and medical care, improvement of education quality, and demining of anti-personnel mines), and (3) strengthening of governance, all of which are consistent with the Rectangular Strategy (RS) of Cambodia.

(2) Consistency with NSDP

The most aligned objectives between Japan's Country Assistance Policy for Cambodia and Cambodia's National Strategic Development Plan (NSDP) are rehabilitation and construction of physical infrastructure. While the objectives "rehabilitation and construction of transport infrastructure," "water resources and irrigation system management," and "energy-sector development," are well aligned between two policies, Japan's policy does not include "development of information and communication technology (ICT)", which is one of NSDP's objectives. Since ICT is a profit sector and policies other than ODA may be appropriate for it, Japan's strategy is adequate.

In addition, regarding the governance sector, Japan clarifies its assistance policies on "legal and judicial reform" and "public administration reform." However, since "fighting corruption" is a sensitive issue, Japan may dare not deal with Cambodian policies on this area.

(3) Consistency with Cambodia's Industrial Development Policy

Industrial Development Policy (IDP), published in 2016, lists policy goals and targeted values for industrial policies from 2015 to 2025. Japan's Development Cooperation Policy (2017) says: "in order to promote industry in Cambodia and the whole Mekong Region, Japan prioritizes the following areas: strengthening the logistics network (such as roads, harbors, and customs) in both hard and soft

infrastructure, improving investment environments and steady provision of energy essential to industrial promotion, and training industrial human resources. Simultaneously, Japan prioritizes promoting agriculture, which is a major industry in rural areas, recognizing the importance of building a food-value chain.” These objectives are aligned with IDP, therefore consistency between Japan’s ODA policy and IDP is satisfactory.

3-1-2 Consistency with Japan’s Higher-level Policies

Japan’s priority areas for Cambodia, “strengthening of the basis for economic activities” or “promotion of industry,” are highly consistent with “sustainable economic growth” in the ODA Charter (2003) and “‘Quality growth’ and poverty eradication through such growth” in “Development Cooperation Charter (2015)”, which is an axis of Japan’s assistance policy. In addition, “promotion of social development” and “improvement of quality of life” are highly consistent with “poverty reduction” in the ODA Charter (2003) and “‘quality growth’ and poverty eradication through such growth” in “Development Cooperation Charter (2015)”. Furthermore, “strengthening of governance” and “realization of sustainable society through strengthening of governance” are highly consistent with “sharing universal values and realizing a peaceful and secure society” in “Development Cooperation Charter (2015)”.

3-1-3 Consistency with International Priority

In response to MDGs, which were adopted in the Millennium Summit in September 2000, the Cambodian government laid down Cambodian MDGs (CMDGs). Since neither MDGs nor CMDGs for economic growth, infrastructure, or governance are necessarily covered in the County Assistance Policy, its consistency is satisfactory. On the other hand, since these areas in Sustainable Development Goals (SDGs) are covered, and the priority areas of Japan’s assistance policy for Cambodia correspond to any SDGs, its consistency is highly satisfactory in most areas.

3-1-4 Relevance with Other Donors and Japan’s Comparative Advantages

The achievement of Japan’s ODA for Cambodia is remarkable especially in the economic infrastructure, education, and water and sewage sectors. Japan has been utilizing grant aid, loans and technical cooperation to provide aid. Education, health care, water and sewerage sectors rely greatly on Japan’s technical cooperation; while infrastructure projects, such as roads, are reliant on loans which are increasing. While Japan has been playing a crucial role in Cambodia’s development, China also plays a significant role. Cambodia may be playing an “assistance game” to obtain better conditions between China and Japan.

Therefore, Japan should carry out “trinity-type” assistance which is a combination of grant aid, technical cooperation and loan aid, should be more speedy, high-quality, and cross-sectional than ever.

3-1-5 Summary of Relevance of Policies

While Japan’s Development Cooperation and Assistance Policy for Cambodia is highly consistent with the development needs of Cambodia and Japan’s high-level ODA policy, relatively consistent with international priority, Japan’s comparative advantages are intermediate.

Therefore, the relevance of policy is “satisfactory (B).”

3-2 Effectiveness of Results

3-2-1 Japan’s Disbursement of Assistance for Cambodia

(1) ODA Loan

In terms of the aggregate amount in the target period, ADB is a top donor of the ODA loan and its share amounts to 47%, followed by Korea (14%), Japan (11%) and the World Bank (10%). Although Japan’s loan amount has been increasing since 2009, it is just below those from ADB and Korea, since Japan’s assistance is centered on grant aid in terms of the aggregate amount of ODA.

(2) Grant Aid

In terms of the aggregate amount in the target period, Japan’s aggregate disbursement of grant aid takes the first place (21%) and its transition resembles that of the U.S., which takes the second place (15%). Both of these countries consist of slightly fewer than the 40% share. Although Japan’s grant aid is offered mainly to education system and roads infrastructure sector, that of US covers health care sector. These two countries have complementarily harmonious operations, or cooperation of assistance.

(3) Technical Cooperation

In terms of the aggregate amount of technical cooperation in the target period (From April 2006-to December 2017), Japan is in the first place (28%). If Japan’s amount is added with Australia’s (in the second place with 20%) and Germany’s (in the third place with 15%), the assistance of these three countries consists of some 60% of the technical cooperation total.

3-2-2 Progress of Outputs and Outcomes in “Strengthening of the Basis for Economic Activities”

(1) Development of Economic Infrastructure and Promotion of Industrial Competence through strengthening of the private sector.

(a) Transportation and Electricity Infrastructure Program (Logistics Facilitation Program)

Since the building of Neak Loeung Bridge (also called “Tsubasa Bridge”) through grant aid was completed in April 2015, National Route No.1, which is a major highway of Cambodia, crossed the Mekong and Southern Economic Corridor tying Cambodia, Thailand and Vietnam, was opened. Therefore, Japan’s assistance remarkably contributes to the development of road infrastructure in Cambodia.

(b) Trade and Investment Environment Development Program

Although Japan’s assistance contributes to the improvement of trade and investment environment to some extent, it has difficulty exhibiting its comparative advantages in competing with Chinese capitals. In terms of the aggregate amount (from 2010 to 2016), Japan is in the fourth place.

(c) Industrial Human Resource Training Program

The greatest contribution to this area is the establishment and operation of the Cambodia-Japan Cooperation Center. By FY 2015, some 6,000 people attended business courses, some 5,000 Japanese language courses, and 215,000 participated in a mutual understanding project. Moreover, various positive impacts appeared as follows: facilitation business networking, such as Cambodia-Japan Business and Investment, entrepreneurship by business course alumni, promotion of Japanese language education through a Japanese seminar, and so on. Therefore, effectiveness and impacts are highly satisfactory.

(2) Development of Agriculture and Rural Areas

(a) Agriculture Promotion Program

While Japan’s assistance contributes to some areas such as agriculture promotion to some extent, financial assistance for irrigation system and so on has only a relatively short history. Therefore, it is difficult to measure its impact and its appearance will take more time.

3-2-3 Progress of Outputs and Outcomes in “Promotion of Social Development”

(1) Development of Urban Life Environment such as Water Supply and Sewage Systems

(a) Urban Water Environment Program

Japan has been carrying out assistance to Phnom Penh Water Supply Authority with all schemes from loans to grant aid and technical cooperation. Japan has also been offering assistance for water supply in Battambang Province and Siem Reap Province with these schemes and established a status of leading donor.

(2) Improvement of Social Protection

(a) Enhancement of Health and Medical Care

Japan has been diligently supporting maternal and child health care and infection control through grant aid and technical cooperation programs and contributed to their improvement. Therefore, the effectiveness for “enhancement of health and medical care” is highly satisfactory.

(3) Improvement of Education Quality

Japan’s assistance has been shifting from supporting elementary schools through technical cooperation and grant aid (including grant aid for grass-roots groups) to supporting lower secondary education and higher education. As Cambodian government has decided to stress the importance to IDP, Japan’s assistance is located in the framework of “training of industrial human resources” .

(4) Demining of Anti-Personnel Mines

Partly since the human resources of the Cambodian Mine Action Centre (CMAC) have been trained through technical cooperation, the number of casualties from mines and blind shell has decreased from 286 in 2010 to 111 in 2015.

3-2-4 Progress of Outputs and Outcomes in “Strengthening of Governance”

(a) Public Finance Management Program

Japan has been implementing indirect support through improvement of statistical and taxation ability. Due to the problem of corruption, Cambodia’s budget compilation and implementation remain less accountable and transparent. Its governance, including “quality of administration,” is in the lowest rank of the ASEAN countries as well as Thailand and Vietnam. Therefore, the effectiveness of the results is intermediate.

(b) Legal Development and Administrative Function Program

Japan supported drafting Civil Code at the very outset in Cambodia. This was based on the idea that consolidation of laws as nonpartisan rules and building of a consensus for it helps transcend arbitrary governance by “rule of man.” Moreover, the technical cooperation (“Legal and Judicial Cooperation for the Bar Association of the Kingdom of Cambodia”) contributed to legal profession training and improvement of legal practice. However, despite the implementation of effective assistance, its impact has not yet appeared.

(c) Environment Management Program

Effects of reducing emissions from deforestation and forest degradation and

forest deterioration (REDD+) are high. However, the assistance has just begun, and it will take more time for its impacts to appear.

3-2-5 Summary of Effectiveness of Results

The assistance to the area of the basis of economic activities, especially urban infrastructure, is highly regarded. The programs for improving urban life environment (water environment) and health and medical care system are also highly regarded. Demining of anti-personnel mines was effectively implemented. On the other hand, effectiveness of programs of trade and investment environment development, public finance management, legal and judicial development and public administration improvement, and environment protection is intermediate. The effects of assistance for agriculture promotion and quality of education could not be assessed.

Therefore, effectiveness of results is “partially unsatisfactory (C).”

3-3 Appropriateness of Processes

3-3-1 Development Process of Country Assistance Policy

In the formulation process of Country Assistance Policy for Cambodia, the Government of Japan adopted a participative style, where they collect public comments from various stakeholders inside and outside Japan, which is generally appropriate. However, since two of the eight public comments are not included in the text of the Assistance Policy at least, they should be more accountable to people. Moreover, the evaluation team has made eight recommendations in the last evaluation implemented in 2006; however MOFA has not revealed how they were considered in the policy making process. Yet, recommendations from evaluations cannot be necessarily considered immediately and their timings of implementation differ depending on their feasibility. Therefore, even if some recommendations are not included in the next Assistance Policy, this does not necessarily lead to a lower appropriateness of the process. However, MOFA should publish how the recommendations from the last evaluation were considered through their websites and so on, in order to link the Assistance Policy with the evaluation.

3-3-2 Monitoring and Follow-up Cycle

As *ODA Evaluation Guideline 10th Edition* (2010) shows, MOFA highly emphasizes the feedback function (PDCA cycle) in evaluation for objectives of improvement of ODA management and accountability for people.

In the viewpoint of accountability for people, it is necessary to provide them

with accurate information in an understandable form. MOFA evaluates assistance projects, feeds back the results to members of the Ministry, the organization executing the assistances, and Japan oversees diplomatic establishments and publishes them on websites.

Currently in Cambodia, the Embassy of Japan and JICA Office have a monthly meeting at the Embassy. From the Embassy, the ambassador, minister, and all members of the Economic and ODA Section participate in the meeting in principle. Additionally, all members of the JICA Office, including the director, are participants in the meeting. JICA experts dispatched to Cambodia may also participate. As a result, they all exchange their opinions and share information. They exchange opinions about various development cooperation projects and their tasks. Therefore, this meeting is a practical forum for the Embassy and the JICA Office to monitor policy-level progress of ODA projects.

3-3-3 Summary of Appropriateness of Process

As above, compilation, implementation, monitoring, and follow-up of the Country Assistance Policy and policy-level coordination with other organizations are appropriately carried out. However, in the process of assistance policy compilation, the way to reflect “public comments” and how recommendations from the last evaluation are reflected are difficult for people to understand, where there are still some doubtful points.

Therefore, the appropriateness of the process is “satisfactory (B).”

Chapter 4 Evaluation from Diplomatic Viewpoints

4-1 Diplomatic Importance of Cambodia

Although many emerging countries in Asia are suffering from a sluggish economy nowadays, Cambodia keeps a rather high economic growth rate of about 7% on average. However, although it has escaped from the status of a low-income country, its status still remains that of a lower-middle-income country and the poor also remain there. Cambodia’s political landscape is stable, but it still has various socio-economic challenges, such as poor infrastructure and education. The greatest goals of the Cambodian economy are to eradicate poverty and to obtain the status of a higher-middle-income country by 2030. It is diplomatically significant for Japan to contribute to the development of Cambodia, their strategic partner, through economic cooperation.

4-2 Diplomatic Ripple Effect

Japan had played a major role as a top donor in the development of Cambodia until 2009. Even though the scale of the assistance on the basis of the amount has been shrinking, the effects of support for livelihood improvement for the poor,

legal and judicial development, agriculture, health and medical care, and infrastructure development are remarkably penetrating. As “Tsubasa Bridge” and “Kizuna Bridge,” which were named by Premier Hun Sen himself, are printed and symbolized on the 500 Riel bill, we can say that the Japanese-Cambodian relationship is deeply tied beyond the concept of only a bilateral relationship through various diplomatic initiatives of Japan such as ODA. In such a sense, the diplomatic ripple effect is high.

However, according to some public opinion polls, favorability and reliability of the general Cambodian population towards Japan is not necessarily higher than those towards other ASEAN countries. Achievements and the history of Japan’s assistance to Cambodia may have not been shared with the general Cambodian population. There may also be a gap between the needs of the general Cambodian population and those needs that the Cambodian government lists as its task.



Picture of 500 Riel Note

Note: Tsubasa Bridge is printed on the left side and the Kizuna Bridge on the right.

Chapter 5 Recommendations and Lessons Learned

5-1 Recommendations

5-1-1 Continuing Support for “High-quality Infrastructure” and Simplification and Speed-up of Procedure

Japan should emphasize the new “Japan brand” so that it can attain a reputation as the “best donor,” not as a “top donor,” in continuing the assistance to Cambodia. Japan should try to build a reputation of “high-quality infrastructure” in Cambodia and should emphasize that the economic cooperation of Japan is of high quality, in order to differentiate itself from China. On the other hand, although the economic cooperation of Japan receives a good reputation for its quality, it is also criticized that it takes too long in decision making and procedure. Especially in loan projects, it takes too much time, such as for a feasibility survey (F/S), appraisal, sign and Effectuation of loan agreement (L/A) and Procurement concurrence procedure, following various guidelines.

In order to compete and coordinate equally with China, MOFA and JICA should

simplify and speed up the authorization procedure of loan projects and empower their local offices more than ever.

5-1-2 Broader Cooperation between Aid Agencies and Utilization of Private Funds to Secure Quality and Quantity

Japan should expand its assistance in terms of “quality” and “quantity,” utilizing its niche in the future. In a sense of “quality,” Japan should take advantage of existing JICA schemes, such as traditional technical cooperation and grant aid, and smartly combine them with capacity development support. However, it needs management ability and good governance of the Cambodian government as fundamentals. Therefore, it is necessary to train highly moral human resources in Cambodia and give Cambodia honest advice as to transparency of the decision-making process in the entire organization of its ministries and eradication of corruption.

On the other hand, to improve quality, Japan should meet Cambodia’s demands for infrastructure, coordinating with ADB and JBIC and utilizing private finance.

5-1-3 Expansion of ODA for Human Resources Development and Strengthening of Cooperative Relationship

Mutual learning by interaction through education, human resources development, and economic cooperation brings about a great advantage for both Cambodia and Japan. The technical cooperation of Kitakyushu City Water and Sewer Bureau, which brought about the “Miracle of Phnom Penh,” is an opportunity of training of their junior staff. Solution of development issues, which SDGs call for, needs a viewpoint of donors and recipients addressing the issues as reciprocal development partners beyond their previous status. Especially in the process of “marginalization” of local communities caused by decreasing birthrate and aging population, the establishment of reciprocal development cooperation directly helps solve development issues of Japan, a “developed country tackling issues,” and it can feed back this mutual learning experience for more quality development cooperation, as well as encourage public participation in Japan’s ODA. “One good turn deserves another.”

5-1-4 Involvement in Governance and Expansion of Cooperation through Participation of Broader Strata of Citizens

Previously, Japan has been implementing assistances, such as training in the legal profession and support of legal development through (the International Cooperation Department of the) Ministry of Justice. In the future, Japan should more actively commit to this kind of assistance, including assistance for

improvement of policy and system, and even offer advice hitting a sore spot, through various channels such as summit diplomacy in order to become a true partner of Cambodia. Japan is a leading power with democracy in Asia. Japan, considering its history as a democratic and constitutional country, should share orderly and freely open the “Japan Brand” with Cambodia and implement assistance based on the viewpoint of the Cambodian people, and assistance for the improvement of “democratic governance,” which can lead to differentiation from China.

It is time to give candid advice to the Cambodian government. This is because Japan is still the largest donor of OECD countries for Cambodia and Japan’s Assistance Policy for Cambodia requires a persuasive account of how Japan sees Cambodian governance to other countries. This can be achieved not by reducing assistance, but by expanding assistance mobilizing multi-level stakeholders, including grass-roots cultural and academic exchange or interaction of NGOs, civil society, and the legal profession in order to consolidate the advice in a broader governance area that inter-government cooperation cannot reach.