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Degree of Master of International Studies
(International Area Studies)

**A comparative study on Japan and Republic of
Korea's ODA in Cambodia:
Focusing on JICA and KOICA from 2007 to 2015**

August, 2018

Development Cooperation Policy Program
Graduate School of International Studies
Seoul National University

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Korea's ODA in Cambodia:
Focusing on JICA and KOICA from 2007 to 2015**

A thesis presented

by

SIENG CHANSORACHANA

A dissertation submitted in partial fulfillment
of the requirements for the degree of
Master of International Studies

**Graduate School of International Studies
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Abstract

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In war-torn societies, ODA is necessary significant to build the peace after the humanitarian military intervention. Many donor countries and international organizations try to rebuild the war-torn societies with the contribution of ODA, in particular, foreign aid. As one of those countries, Cambodia had been receiving a large amount of official development assistance since the end of the civil war which ruined the country during the Khmer Rough period (1975-1979). During that period more than two million Cambodians were killed, including the scholars and civil people and national education system had also been destroyed. After the Paris Agreements, comprehensive peace treaties which was signed by the four Cambodian factions, 19 countries, and the United Nations secretary-general in October 1991, the civil war was end and the country need to build up again. Since then many donor countries started to provide aid to Cambodia in order to rebuild the country. This contribution is mainly known as peacebuilding practices.

Looking among the major donor countries, Japan and the Republic of Korea, which both are DAC donor countries, play the important role as the top donor countries to contribute the Cambodia economic development. These tow donors have been providing ODA, both grants and loans, in order to reduce the poverty and increase economic welfare based on the Cambodian millennium development goals and sustain

development goals. They also assist more in investment and trade which contribute to Cambodia economic growth.

This research will be analysis the ODA providing by Japan and Korea in contributing Cambodia development process. Also, it seeks to describe the JICA and KOICA in general and its approach to Cambodia and the implication of the ODA to Cambodia. These motive will lead to the comparison between JICA and KOICA, to find out similarities and differences between the two donors can be derived.

Keywords: Official Development Assistance (ODA), Foreign Aid, JICA, KOICA.

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List of Abbreviations

CDC	Council for the Development of Cambodia
CRDB	Cambodian Rehabilitation and Development Board
DAC	Development Assistance Committee
DCPS	Development Cooperation and Partnerships Strategy (2014-2018)
DPs	Development partners
FDI	Foreign Direct Investment
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross National Product
GPEDC	Global Partnership for Effective Development Cooperation
HDI	Human Development Index
IDA	International Development Association
IDP	Industrial Development Policy
JMIs	Joint Monitoring Indicators
JICA	Japan International Co-operation Agency
KITA	Korea International Trade Association
KOICA	Korea International Co-operation Agency
KOPIA	Korea Project on International Agriculture

LDC	Least Developed Country
LMIC	Lower-Middle Income Country MDGs Millennium Development Goals
MoE	Ministry of Environment
MoWA	Ministry of Women Affairs NCDM National Committee for Disaster Management
NSDP	National Strategic Development Plan
NGOs	Non-Governmental Organisations
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
RGC	Royal Government of Cambodia
RS	Rectangular Strategy
SEZ	Special Economic Zone
SDGs	Sustainable Development Goals
SMEs	Small and Medium-sized Enterprises
SNDD	Sub-National Democratic Development
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change

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Chapter 1: Introduction

During the Khmer Rough Regime in 1975-1979, Cambodia has divided into three parts under the different party leaders and have been destroyed all infrastructures. After many internal meetings as well as the international meetings, in October 1991, the comprehensive peace treaties, Paris Agreements, was establish to end up the 13 years of Cambodian civil war. This agreement was signed by the four Cambodian factions, 19 countries, and the United Nations secretary-general and all parties are obligated to help Cambodia to build the country and Japan was also one of the members of this treaty. Since then many donor countries started to provide aid to Cambodia in order to rebuild the country. Looking among the major donor countries, Japan and the Republic of Korea-ROK play the important role as the top donor countries to contribute the Cambodia economic development. They provide ODA in both based on the Cambodian millennium development goals.

These two donors, Japan and ROK, are members of the Organization for Economic Cooperation and Development's (OECD) Development Assistance Committee (DAC), therefore it will be given consideration in comparing the Japan and the ROK's aid to Cambodia. Amongst DAC donors Japan stands out not only as one of the largest donors in absolute amounts but also as one of the most widely criticized due to its aid practice deviating from other DAC donors in the past 60 years. The second donor South Korea is the newest member of the DAC, having experienced a transition from developing to developed country. The gaps in regard to Japanese and South

Korean commitments and disbursements, the former being an established donor country, the latter the newest DAC donor. Both of these two donor countries consider foreign aid as an important tool in their diplomacy strategy. The strategy underpins both countries' environmental ODA policy is the combination of many variables such as moral obligation, domestic and international political, and the most important is the economic interests.

In general, Japan set the 'Role of Development Cooperation' in the purpose of providing effective ODA to developing countries including to Cambodia. Since started provide the aid to Cambodia, there are three-folded of Japan's interest in ODA such as the recipient's national security, economic development, and humanitarian contribution. According to these folded, the majority of the Japan's ODA is a combination of grants that provided for education, legal assistance, health, transportation, agriculture, government budget and balance of payments. Japan's ODA goal is to follow the MDGs and SDGs, where the ODA were allocated to every sector, however, the biggest share is going to the transportation sector.

Different from Japan, the objective of Korea's ODA to Cambodia was not clear from the beginning. The Korea's ODA was a question to discuss of which form of ODA should be provided to the suitable development of Cambodia, either loans or grants are the best strategy should provide to Cambodia. The most shares of the Korea's ODA was providing as loans which utilize to facilitate the communication, in particularly improve infrastructure, according to the Cambodian ODA database. Other

assistance are health, education, transportation, water and sanitation, agriculture, and energy which distributed to MDG and SDG sectors. From the start, the big shares of Korean ODA were disbursed into the education, transportation, agricultural and health sectors.

Therefore, as the contribution of the ODA, including the Japan and Korea's ODA, are also contributing to the Cambodian social development and Cambodian economic growth.

1.1.Statement of Problem

Foreign aid was aimed at helping developing countries to reduce the poverty, fulfill the MDGs and accelerate economic growth, however, in the reality, developed countries use foreign aid as a tool to pursue their national interests. Foreign Aid to Cambodia is not a new concept since many researchers and scholars have been doing the research regarding the effectiveness of the aid. For the term of comparing foreign aid, there only a few scholars who did this and more are focusing on the China aid in comparison to others.

Previous criticism of the two donors' ODA behavior has been insightful but offered mostly one perspective. International standards served as the reference, from which Japanese and South Korean ODA behavior deviated. So far it has not been investigated whether a gap exists between their own ODA commitments and disbursements. In the following, an overview of the State of the Art on Japanese and South Korean ODA will show this lack of knowledge in the literature. Since ODA

policy is understood as a specific field of a state's foreign policy, a look at previous literature has to present the context of foreign policy research for this study and the previous research attempts on understanding a state's rhetoric and behavior.

Since there is little study case about Japanese and Korea's aid, so this research will analyse and compare the significance of aid from Japan and Korea in Cambodia.

1.2.Purpose of Research

To the main objective of my study will contribute to my current work at Ministry of Foreign Affairs and Cooperation of Cambodia. The objective of study will be as follows:

- Comparing the ODA by Japan and ROK in Cambodia focusing on JICA and KOICA from the year 2007 to 2015.
- To analyze the similarity and difference between Japan and Korea's ODA in Cambodia
- To know what extent is a gap between rhetoric and behavior evident and which similarities and differences between the two donors can be derived.

This research will try to evaluate the aid of Japan and Korea from 2007-2015 and provide the recommendation to both donors in Cambodia economic development contribution. It will also give the view of Cambodian position in efficiency implement the aid. Furthermore, the study will provide some implications and recommendations to Cambodian government as the recipient country to engage with donor countries.

1.3. Research Questions

Cambodia is selected as the research area since it is a place where both Japan and Korea ODA have been involved deeply. The two donors were playing a very important role in the development of Cambodia, however the comparative of these ODA will be analyzed according to the questions below.

1. Why Japan and Korea provide ODA to Cambodia?
2. What are the purposes to provide ODA?
3. What are the main sectors that JICA and KOICA as the cooperation agency in providing aid to Cambodia?
4. By comparing the ODA by Japan and Korea in Cambodia focus on JICA and KOICA from 2007 to 2015, what are the similarity and difference between these two donors?
5. What are implications of Japan and Korea in implement the ODA in Cambodia?

1.4. Methodology and Limitation of the Study

To conduct this research, the qualitative approach is employed to find facts and data in order to make an analysis. Data is collected from primary sources, official statements, public announcements, journal articles, and other official documents from Cambodian, Japanese and ROK institutions as well as online sources. This research also uses the limited comparison approach to compare the Japan and ROK aid to Cambodia from 2007-2015 focusing on JICA and KOICA. In the proses, this research looks only the Japan and Korea as the two major donors in Cambodia which share

almost similarity in providing aid and have the representative agency such as JICA and KOICA in Cambodia. The responsibilities are only the aid to Cambodia from 2007 until 2015 to evaluate and compare the significance of implementation the aid which contribute Cambodia development and the Cambodia's strategy towards this aid.

The first step this study is to analyze the general overview relationship between Cambodia-Japan and Cambodia-Korea in terms of aid flow, investment, diplomatic and humanitarian assistance. Scholarly materials written by individual institutions like OECD/DAC are analyzed, investment statistics from the Cambodian investment board, general aid flow from JICA and KOICA annual reports and the ODA data from the Cambodian Rehabilitation and Development Board. Simple graphs and charts are used to bring into focus the relationship and ODA data.

Secondly, this study is giving a specific analysis and comparison between KOICA and JICA ODA activities in Cambodia. By the comparative, the analysis approach to understand about the structure of the organization, the sector of cooperation and also the influence to the investment and economic growth of Cambodia. An in-depth analysis is done on the sectors receiving aid and compare to the investment and trade. Finally, the results of the study were evaluated and giving the implication.

1.5. Structure of Thesis

The thesis is organized into six chapters. Chapter one discusses the introduction including the statement of Problem, purpose of research, research

questions, methodology and framework of analysis, the structure of paper and definitions of key terms. The chapter also highlights historical relations between Cambodia with Japan and Korea. Chapter two reviews the background of study and literature on ODA, aid, particularly the various motivations in aid allocation in Cambodia. Chapter three is the history of the cooperation with Cambodia from Japan and Korea, the historical of ODA is discussed, it also covers the foreign policy of Japan and Korea and describing the JICA and KOICA in general and its toward Cambodia. Chapter four looks details of the comparison in regard to institute's structure, the sector of cooperation, economic, economic and investment aspects. Chapter five is the summary of the comparison, conclusion and the implication that are suitable for Cambodia as well as both donors.

1.6. Definition of Key Terms

JICA: “Japan International Cooperation Agency” is Japan government agency that under the Ministry of Foreign Affairs of Japan. As government agency, JICA is responsible for all the Japan's official development assistance effort. With the role in providing aid modalities such as the capital grants and yen loans, technical cooperation, JICA's main development programs are including the technical assistance programs, feasibility studies, and master plans.

KOICA: “Korea International Cooperation Agency” is Korean government agency under the Ministry of Foreign Affairs that play a role in responsible for the effectiveness implement of Korea's grant aid programs in developing countries. To

do this, KOICA is the only agency that implementing the government's grant aid and technical cooperation programs in helping the developing countries with following to the SDGs goal.

ODA: By the DAC definition, ODA is defined as those flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions” which are have been provided by official agencies, including state and local governments, or by their executive agencies. Each transaction is administered with the promotion of the **economic development and welfare of developing countries** as its main objective is **concessional in character** and conveys a grant element of at least 25 percent (calculated at a rate of discount of 10 percent).¹

Aid, which is also known as the overseas aid, foreign aid or assistance, is a voluntary transfer of resources from donor country to recipient countries. In Foreign Aid and Foreign Policy: Lessons for the next half-century, Steven Weissman is quoted as describing Foreign Aid “Aid, like diplomacy, propaganda, or military action, is an ultimately a ‘sophisticated instrument of control’ or at least influence”² Foreign Aid is thus no more than a tool of foreign policy used to promote diplomatic, economic and political relations with developing countries while enhancing the image of the donor countries.

¹ OECD website

² Steven Weissman, ‘inside the Trojan House’ Foreign Aid and Foreign Policy: Lessons for the next half-century, ed. Louis A. Picard (Armonk, NY: M.E. Sharpe, 2008)

Chapter II: Background of the Study and Literature Review

2.1. Background of the Study

In January 7, 1979, the intervention of the Vietnamese troops together with the Kampuchean United Front for National Salvation brought the POL Pot regime to an end and the proclamation of a communist regime under the rule of HENG Samrin and HUN Sen, known as the People's Republic of Kampuchea³.

In late 1989, the People's Republic of Kampuchea was renamed the State of Cambodia. In this stage, in order to find the peaceful solution in Cambodia, the different parties are part of the conflict including the Khmer Rouge, agreed to sign the Paris Peace Accords on 23 October 1991 mandating democratic elections and a ceasefire⁴.

After a long-awaited, the peace has been expected to return to Cambodia when the Paris Peace Agreements, October 1991, was signed. The Cambodian government has been requesting assistance from UN agencies and developed countries. In compliance with this request, many international organizations and countries have been

³ Lucy Keller. "UNTAC in Cambodia – from Occupation, Civil War and Genocide to Peace", In Max Planck Yearbook of United Nations Law [M]. Netherlands: Max Planck Institute for Comparative Public Law and International Law, 2005(9): 136.

⁴ Julio A. Jeldres. "Cambodia's Relations with China: A Steadfast Friendship", In Cambodia: Progress and Challenges since 1991 [M]. Singapore: Institute of Southeast Asian Studies, 2012: 82.

supporting Cambodia with financial, technical, and humanitarian aid programs. In 1992, Japan had reopened the embassy. At the same time, the “initiated a conference in Tokyo on the development of Cambodia” were established to reconstruct and rehabilitate the social structure of Cambodia that had been totally damaged by the civil war. Japan continued the ODA and also has continued to cooperate with Cambodian very actively, in particular in the development and reconstruction sector.

Japan ODA occupied almost a quarter of the overall assistance to Cambodia and this making Japan to be the top donor to Cambodia. According to the Cambodia database showing that “the accumulation of bilateral grant aid from the Government of Japan from 1992 to 2007 amounted to 145.949billion Yen (approximately US\$ 1,309 million), while the amount of Yen loan totaled at 20.206 billion yen (approximately US\$ 182 million) until the same period of time”⁵.

Besides the senior donor country in providing ODA to Cambodia, Korea, the new OECD-DAC member with the big ambitious to provide the grant aid as well as loans to Cambodia in reconstructing the country. Cambodia and Korea had re-established the diplomatic relations in 1997, then the bilateral relations between these two countries have developed significantly. Although the KOICA office has been set up in 2003 in Cambodia, however, Korea started provided Aid to Cambodia since 1993. By Foreign Aid, Korea gives a great assistance to improve the capacity of human resource and develop infrastructure development in Cambodia. Since 2007, ROK has

⁵ Sim Virak, 2010, “Cambodia-Japan Relations”

expanded its grant aid, loans and technical assistance, and Korea becomes the 4th largest Aid provider to Cambodia in 2012. Korean grant aid and loans are focused on sustainable economic development in Cambodia. At the same of providing Aid, Korea also had been very active in increasing the direct investment to Cambodia as well. Up to now, ROK investment has succeeded in Cambodia economic sustainable development contribution.

Japanese and Korean have been playing important role in contributing to Cambodia development process. Up to now these two countries still stay at the top ranking of giving assistance to Cambodia and very active in building Cambodia economic growth. The role of ODA of the donors has made Cambodia to have the opportunity to connect it with the economic integration too.

2.2. Literature Review

Although the traditionally ODA was aimed at helping developing countries in challenging the poverty reduction and induce or accelerate economic growth, however, in the reality developed nations have been using ODA as a tool to pursue their national interests. On the other hand, in which the missing of investment and incomplete market, ODA has been justified as crucial for development in countries. Many scholars have written extensively about ODA, which has more special interest to answer the question “why governments give aid and what is the basis for individual donors to allocate their aid”. Riddle⁶ (2008:91) has argued that the main purpose of giving aid is primary to

⁶ Riddell, C. Roger, (2008). “Does Aid Really Work?” Oxford University Press.

save lives during the critical situation, to help the economic progress and poverty eradication in developing countries. From his argument, he acknowledges that the ODA is making a political decision since it is taking part of the reason that the donor governments provide ODA that comes from their public funds to recipient governments. Riddel also identifies that Japan as the top donor country provides aid in order to promote its own economic and security prosperity. This motivation and goal were clearly demonstrated by the speech of Japan's Foreign Minister. He stated that "Japan's ODA is executed for Japan's own sake". This statement is showing that the first priority of Japan foreign aid policy implied the self-interest of Japan. This is the reason why Japan's foreign aid is taking most parts in Asia.

Hans Morgethau⁷ argues that Foreign economic aid is defined as bilateral official development assistance (ODA) and foreign aid is defined as the transfer of money, goods, and resources from one government to another. Follow by this political scientist acknowledge that bilateral aid transactions are invariably motivated by political or diplomatic factors, while economists have tended to focus more upon the impact of foreign aid on recipient's economy.

Peter Boone⁸ found that aid increase size of government more than increase investment or improvements in human development indicators. Even aid is not

⁷ Morgenthau, Hans. "A Political Theory of Foreign Aid." *American Political Science Review* 56, No. 02 (1962):301-09

⁸ Boone, P. 1996, "Politics and the Effectiveness of Foreign Aid", *Europe Economic review* 40:289-329

significantly interacted in economic, yet it is enhancing the government relations. However, Burnside and Dollar argued that even in recipient countries with poor policy environment, however, aid does have a significant impact in both economic and political growth. Some countries are giving the ODA according to the history of colonized, including the United Kingdom, France, Spain and Portugal as well as Belgium and the Netherlands, colonial ties are bonded with the aid allocation. However, OECD-DAC donors including Sweden and the Netherlands's foreign aid was not tied with the colonial history, while the aid allocated specifically considered from the poverty (Jones et al. 2005: 13). Some countries are abandoned their commercial and trade interests to provide the aid for the humanitarian purpose for economic and welfare development to the poorest countries⁹.

According to Söderberg, Marie¹⁰, in his book "The business of Japanese Foreign Aid", he focused on the different aspects of Japanese aid policy-making process, including the role of the bureaucrats, the politician, the business community and external influences. This study found about the policy-making process of Japanese aid and how aid function in reality which is connected to the Japan's decision to provide ODA to the developing countries on the scale it does to deny. Other researchers have viewed ODA as providing by Japan is to fulfil its obligation in the

⁹ international Development Act (2002), C. 1, S.1.

¹⁰ Söderberg, M. and Berg, M. (1996) -Japanese ODA - the business perspective, pp.72-88 in Söderberg, M. (ed.) The business of Japanese foreign aid: five case studies from Asia. London: Routledge.

international community. Some researchers have considered it as a way of gaining voice and popularity in the international arena. With the concept of security, aid can be another rational that it can be considered as a means to secure a strategic tool or as natural resources.

Multilateral ODA from the international organizations which distributes to recipient countries has different motivations from bilateral ODA which is more volunteering by donors for the self interests (Easterly, 2006: 49). Yoon and Moon (2014) argued that Korea's ODA has assumed a new role related to its commercial bonds and investment opportunities with recipient countries. Watson (Watson, 2011) found in his research and argued that Korea, in reality use its ODA as the diplomatic policy tool to deepen its economic gains. The research conducted by Kim and Oh (Kim and Oh, 2012: 233), which examined the factors influencing Korean ODA, showed that Korea's ODA was a correlation of the economic motivation with all levels of trade which positively to allocate the ODA to recipient countries. Tubman and Ayoub (2004:49) concur that to Africa, Korea's ODA is modelling Japan's ODA which the aim of allocating the aid is more related to the larger commercial partners.

From Japan Bank of International Cooperation, it is viewed that Japan provides ODA mainly in purpose to the recipient countries which have less income compared to the developing countries or in the regions. The grant aid is first intention channelled to provide the basic needs including the public health, medical services, clean water, and agricultural and rural development, and building the human capacity in the human

resource sector. In fact, Japan has provided many projects in the infrastructure sector, such as roads construction, build the bridges, and telecommunications, by implementation the grant aid project rather than giving the concession loans due to the circumstances of some developing countries, in particular, the Least Developed Countries (LLDCs). JICA, which under the Ministry of Foreign Affairs, is the agency to manage in implementation the assistance including the Grant aid¹¹.

Different from Japanese ODA, Korean foreign aid was successfully contributed to support state-led development projects with overcome various national challenges and enhance the economic development. In contrast, Kalinowski and Cho, in 2012, argues that South Korea's development assistance is based on an aid philosophy said to have been a replica of Japan's philosophy and practices.

Regarding to Aid in Asia, Jin Sato includes that the donor countries including Japan is no longer the big donor in providing the ODA, however the countries such as China, India, Korea, which so-called "emerging donors" are becoming increasingly influential. The emerging donors are playing the key sources of implementing the foreign aid to developing countries in ASEAN regions such as Cambodia, Myanmar, Laos and Vietnam.

¹¹ From the website of Japan Bank of International Cooperation (<http://www.jbic.go.jp/japanese/oec/oda/index.php>)

Chapter III History of Cooperation with Cambodia from Japan and Korea

3.1. Foreign Policy of Japan to Cambodia

As noticed from the diplomatic aspect, there are two important points of Japanese diplomacy with Cambodia. Firstly, looking at the Japanese diplomacy that has been done with other Asian countries, Japanese traditional diplomacy toward Cambodia is different which generally, the policy is based on the post-WWII responsibility and reparation. Secondly, the prominent in Japan-Cambodia relations is different from the traditional relations with other Asian countries, which are normally following the Japan-U.S. relations. Unlike relations with other Asian countries, Japan-Cambodia bilateral relations were base on the post-war responsibility.

The diplomatic ties between Japan and Cambodia were established in 1953, however, the first bilateral relations had started since the early 1950s. The relations became significant after the official visit to Japan of the former King Father Norodom Sihanouk in 1955 in purpose to sign a friendship treaty between Japan and Cambodia. The “Japan’s adoption of a resolution of gratitude regarding Cambodia’s act of abandoning the rights to claim reparation from Japan” was also signed at that official visit. Furthermore, the sincere behavior of Cambodia towards Japan is the main factor for latter developed cooperation between these two countries. However, during the 1970s to 1990s, the bilateral relations of these two countries were interrupted since the Khmer Rouge rule the country and cut off the relations with Japan in 1975. Although the Khmer Rough regime was eliminated in 1979, however, Japan along with the US

did not have any official relations with the new government of Cambodia which called State of Cambodia in the reason of different ideology. The relations become consolidated again in 1991 after the Paris Peace agreement. The ended civil war in Cambodia has paved the way to re-established the official diplomatic relations between Japan and Cambodia. In the year after, Japan reopened the embassy in Phnom Penh and Cambodia also reopened the embassy in Tokyo in the year 1994.

Since 1990s Cambodia was introduced to the liberal democratic political system after the conflict resolution and civil war ended. After then, the relations between the Japan and Cambodia have been increased remarkably. Japan's foreign policy towards Cambodia is under the framework of "peace and happiness through economic prosperity and democracy". Cambodia has been supported by Japan in various sectors especially conflict was resolved, peace building and country reconstruction. The leaders of the two countries called the Cambodia-Japan relations as "heart to heart" relations in which the sincerity and trust are the core of the relationship. The exchange of official visit in the high level of leaders between the two countries are almost every year. However, Japan has never pledged the political interests regarding this improved relationship.

As the witness of the international politic, Japan goes along with its foreign policy with US perspective towards East and Southeast Asia region during the cold war. After the Cold War ended, Japan foreign policy was come back to Cambodia by providing the official development assistance (ODA), national reconstruction efforts

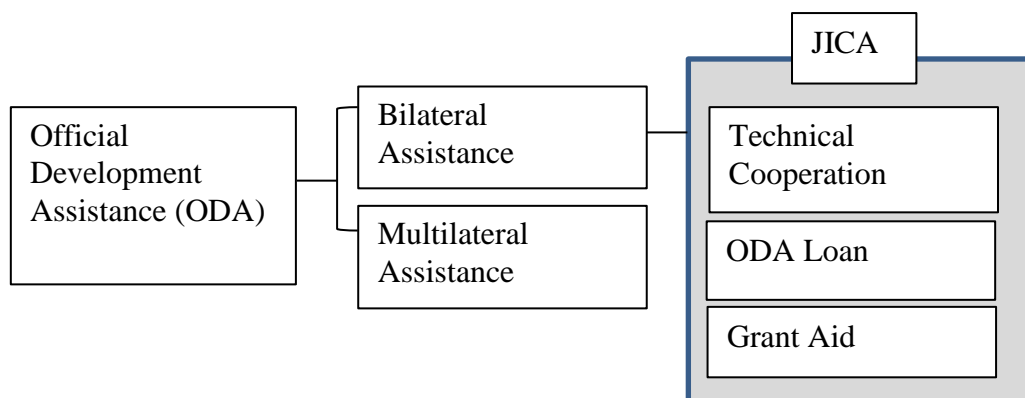
and peace building. As the member of the OECD-DAC, Japan contribution to Cambodia country building has been witness in Cambodia government and people.

3.2.JICA in General

The Japan International Cooperation Agency (JICA), which is the primary governmental agency was established in 1974 in response for technical assistance component of the bilateral ODA “Japan's Official Development Assistance program”. Japanese ODA program started in 1954, since Japan has joined “the Colombo Plan to assist Asian countries in their socio-economic development”. The primary theme of the Japan’s ODA program is "helping people to help themselves" together with the value of self-help efforts as the part of social and economic development contribution. With its commitment, Japan's ODA has been increasing in every year and expanded to LDCs and developing countries in the regions as well as all the developing countries the world. According to the Japanese government, there are three kinds of Japanese ODA which consisted: “(1) bilateral grants (grant aid and technical cooperation), (2) bilateral loans (loan assistance), and (3) multilateral assistance (contributions and subscriptions to international organizations)”. To this ODA sector, JICA is government agency which responsible for bilateral technical cooperation distribution. Beside this, JICA also conducted the research studies and surveys which are provided further support to granting the cooperation assistance program under the name of the Ministry of Foreign Affairs of Japan. With more than fifty overseas offices, JICA has around 1,200 staff members working in the main office and overseas offices.

JICA plays a very important role in managing Japan's ODA as the chart below:

Figure 1 Japan's ODA structure



Source: JICA official website

The distinctive vision of the Japanese ODA is different from other donors in two historical factors. First, Japan is the only Asian country which succeeds in the industrialization sector like western countries. Ever since the opened economic door which was forced by the US in the middle of nineteenth century, Japan had the history of successful experience in catch up with the advanced nations as the Western countries by implementing the strong driving force leading for the economic achievements.

3.3.JICA towards Cambodia

Japan has been actively providing the Official Development Assistance to Cambodia for the long history since the ended of civil war and has become one of the countries that have contributed to peace building achievement in Cambodia. From purpose of providing ODA, JICA has conducted its programs upon "Japan ODA

Charter”, “ODA Mid-term Policy”, and “Country Assistance Policy for Cambodia” together with the existent strategies and policies of the Royal Government of Cambodia. The JICA’s basic cooperation principle is “to ensure the realization of human security by contributing to economic growth and poverty reduction through human resources development, institutional building, and infrastructure enhancement”. With respected to the project conceptualization, together with the implementation and formulation of the Japan’s views demonstrated, the dialogue meeting was created to share and consult for the common idea in the development process.

From the Japanese Charter of development, the aims to provide the grant aid to Cambodia are:

a. To further support the efforts for rehabilitation and reforms made by Cambodia, human resources development and institutional building for strengthening the rule of law, improving administrative functions, improving public security, stabilization of people’s livelihood and improving public financial management are important.

b. To achieve poverty reduction with economic growth and regional development in ASEAN and Mekong Basin perspective, the economic and industrial growth through the sustainable development of specific zones, enhancement of socio-economic infrastructures and development of private sector are vital.

c. It is significant to pay attention to the fulfillment of poverty gap through the establishment of economic foundation and sustainable utilization of natural resources.

The promotion of agricultural activities, enhancement of rural livelihood and natural resources management are also key factors in this light.

d. Developing human resources from social aspects for long-term growth is with no doubt necessary. Hence accesses to education services, quality of health care, the decent condition of urban living and participation of socially vulnerable groups in the development process have to be fairly improved.

e. It is believed where there is no clear leadership and ownership of the Government of Cambodia there is no sustainability. All our actions will be taken upon discussion with the government and mutual transparency and accountability aiming at further strengthening the national capability.

Based on the “Rectangular Strategy” established by the at its inauguration at the National Assembly, JICA Cambodia Office reviewed and revised the “JICA Country Program” in a year after. The Program was divided into five priority areas and twenty-five cooperation programs as follows:

- (1) with the aim to Promoting Good Governance: the cooperation program with focus on improving administrative capacity, development of basic Laws, promoting gender mainstreaming, improving public security, strengthening official statistics, demobilization, strengthening mine action, and Public Financial Management.
- (2) With the aim to Promoting the Economic and Industrial Growth: the cooperation program will take more effort in Improving Transportation

System, Establishing Development Plans and Strategies for Specific Zones, Transmission and Distribution System, Improving Electric Power Generation, Private Sector Development, Improving Telecommunication and Broadcasting System.

- (3) With the aim to promote the Agriculture and Rural Development: the cooperation program will pay more contribute in Improving Transportation System, Establishing Development Plans and Strategies for Specific Zones, Transmission, and Distribution System, Improving Electric Power Generation, Private Sector Development, Improving Telecommunication and Broadcasting System.
- (4) With the aim to contribute in social sector of development: the cooperation program will take more part in social contribution as well as NGOs.
- (5) With the aim to Cross-Sectoral Priority Issue: the cooperation program will provide more Aid Coordination and Management.

3.4.Foreign Policy of the Republic of Korea to Cambodia

The first bilateral diplomatic relations between Cambodia and Korea were established in 1970, however, the relations were disrupted in 1975 due to the Khmer Rouge government. The ties were continuing again in 1996 when the two leaders of Korea and Cambodia tries to open the office of the diplomatic commission. In following year later, in 1997, the resumed diplomatic relations were re-established by the opening of the Korean Embassy in Phnom Penh.

The diplomatic relations have increasingly improved in a period by the remarkable growth in bilateral ties across all sectors including political, economic, development and cultural cooperation. The witness of the official visits at all level by Korean leader and official visits by the Cambodian leaders have been highlighted in this period of relations development. In particular, the official visit of Korea president, Lee Myung-bak in 2009 have made the relations between these two countries more fruitful in many cooperation fields.

In the result of cooperation, the Republic of Korea is one of the major partner countries in development contribution, has provided Cambodia with its soft loans (EDCF: Economic Development Cooperation Fund) and grant aid which under the KOICA up to the amounting to 218 million US dollars and 77 million US dollars in the last last decade. Korea's development cooperation is increasing more to expand its cooperation further with Cambodia is the priority country for development cooperation partner. As the result to Cambodia, in 2013 Korea has become the fifth largest bilateral donor among all donor countries.¹² Korea's ODA to Cambodia is divided by Function (Technical Cooperation Vs. Financial Cooperation) and by Instrument (Grant Vs. Concessional Loan).

Besides the development cooperation, Korean private sector, the Korean entrepreneurs, have been playing actively in many business projects in Cambodia. Bilateral trade has increased rapidly since the re-established diplomatic ties of the two

¹² source from the Korean Embassy in Cambodia

countries in 1997, reaching thousand million US dollars in 2012. Korea is also the in the top list of the foreign direct investor in Cambodia, with a holding many projects in the investment sector, in particular, Korea invest a lot in the urban planning sector.

Furthermore, with the aim to promote the growing people-to-people exchanges, the direct flights between Korea and Cambodia has been established. From this and the established of Angkor-Gyeongju culture cooperation promotion, almost half of million Koreans have been visited in Cambodia lately. While Korea allows more than 40,000 Cambodia workers to work in Korea and continue to increase the number.

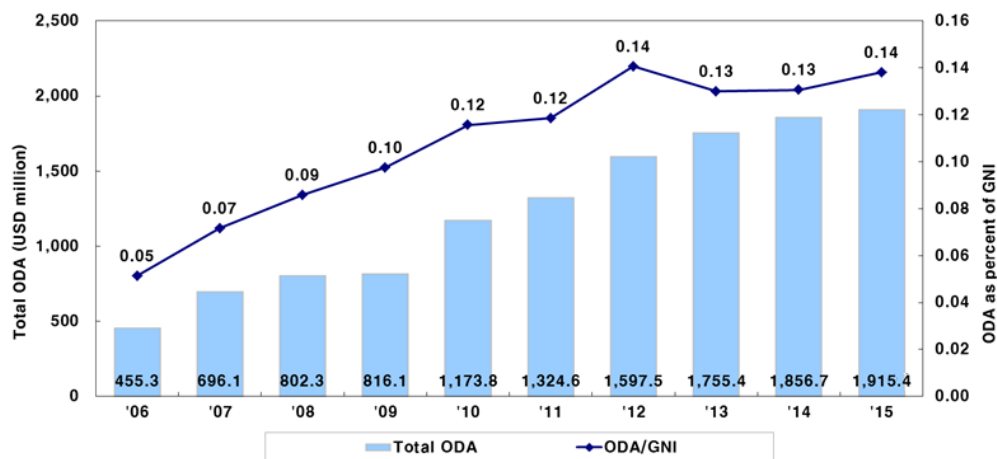
The Cambodian government and people have highly appreciated the Korea's leading role in all sectors including the development cooperation, direct investment, cultural exchange, tourism, vocational training, IT, national construction, financial sector and airline business, which have been contributing to the Cambodia development. The two leaders are committed to building on the exchanges and cooperation to take our bilateral relationship to a higher level.

3.5.KOICA in General

In early 1960, right after the Korean war, Korea was one of the developing countries in the world. However, since 1970, when Korea government set the long-term economic plan with export-promotion and industrialization. Most of the foreign aid has changed concessional loan in order to build infrastructure that required a huge amount of money and investment. Korea has achieved a remarkable economic growth from 1960 to 2010. This chart shows GNI per capita of Korea. In each stage of

jumping up, Korea has utilized foreign aid efficiently. Korea joined the OECD member in 1996 and became the OECD-DAC member in 2010. Korea ODA is divided by grant which under KOICA and concessional loan under the ECDF.

Figure 2 Korea's ODA in General from 2006 to 2015



Source: OECD official website

KOICA was established in 1991, with the aim to fight against global poverty and helping the developing countries in the region as well as in the world. Since the establishment, KOICA is the Korean government agency which responsible for the grant aid assistance under the Ministry of Foreign Affairs of Korea. As the member of the international community, KOICA plays its due role as a response with the represented of Korean government which set the national vision of bringing happiness by sharing Korea contribution based on the principles of giving, creating and sharing. Regarding this, the Korean government made a strong commitment to contribute to the world through the instrument of official development assistance (ODA).

Based on Korea's development experience and technological capacity, KOICA will efforts to upgrade its ODA programs in order to fight against the global challenges and promote Korea for the better image. The commitment of KOICA is to pave the way for the future generation through competent global talents.

KOICA recognizes the Korean's experiences of development through the value of Saemaul Undong which made Korea in miracle development. By this, KOICA tried its effort to share the experiences, in particular in less developing countries to make more commitment to local level development. KOICA also puts strong intention on participatory diplomacy along with the government policies and strategies.

In the past two decades, KOICA has been receiving the total amount of 45.51% of Korea's total spending to implement as the official development assistance. After becoming the OECD-DAC member and in reflecting the international communities, KOICA has increased the substantial budget by the Korean government's firm commitment. The budget of KOICA is showing a steady increase as Korea is expanding ODA to raise its ODA/GNI ratio to the level of OECD DAC average.¹³

With the aim to facilitate socio-economic development with its partner countries, KOICA is the government agency which actively playing the important role in promoting the cooperative relations between the Republic of Korea and developing countries. The types of the aid are:

(1) Technical Cooperation: "Human Resource Development (HRD) has been

¹³ KOICA Cambodia's office

the one and most important factor for socio-economic development. As a way of technical cooperation, KOICA builds partner countries' capacity in human resource by inviting government officials, researchers, and promising young students to Korea and teaching them how to facilitate and promote socio-economic development. KOICA also sends development experts and volunteers to work in a variety of areas. These Koreans with professional skills and work experience help a great number of individuals who want to build a better life for themselves, their children, and their communities.”

- (2) **Grant Aid:** “Too often, and too badly, many developing countries do not have necessary resources and infrastructure even if they want to do something about their problem of underdevelopment. That is why KOICA places a high priority on conducting surveys and supporting the construction of essential infrastructure such as roads, hospitals, schools as grant aids. Also as a part of its development program, KOICA provides equipment and facilities required at vocational training centers, schools, public health centers, and research institutes.”

3.6.KOICA towards Cambodia

Since 1991 from the first establishment, the Korea International Cooperation Agency (KOICA) is a government agency which has been playing a role as to responsible for grant aid and technical assistance programs, also played a leading role in developing and improving Korea's Official Development Assistance (ODA). Along

with the onset of Sustainable Development Goals (SDGs) era, KOICA will further its assistance programs ineffective and sustainable manners.

For the purpose of enhancing its in-country capacity and aid effectiveness, KOICA has its overseas offices in its partner countries up to 48 offices. In the amount of KOICA's overseas offices, the KOICA Cambodia Office has been opened in Phnom Penh in 2003 to strengthen the mutual relationship between the two countries.

From the country director of KOICA in Cambodia, Cambodia's phenomenal growth and the expected declaration is being a lower middle-income country despite the regional and global challenges this country has faced. Many external challenges still remain, such as lower Chinese economic growth, a delayed recovery in Europe, and AEC integration that made Cambodia will deal by ensuring continued reforms and policies succeed. With this action, KOICA will continue to support the Cambodian government's efforts to this end.

Currently, KOICA Cambodia Office provides a variety of development programs: grant aid projects, including technical cooperation and Development Experience Exchange Partnership (DEEP), which also includes training programs, research and studies, and experts and volunteer programs. KOICA will continue to support and step up it in near future to meet evolving needs of Cambodia.

KOICA has been a good partner of the Cambodian government and the Cambodian people for the last two decades. The total volume of KOICA's aid to Cambodia reached 203 million US dollars from 1991 – 2016. That relationship has

only grown stronger in recent years, and in 2016, KOICA allocated 23 million US dollars, making Cambodia the 2nd most substantial development partner of KOICA globally.

For the last two decades, KOICA has focused on rehabilitating Cambodia in education, health, rural development and transportation. As Korean government continues to adapt to the evolving challenges Cambodia faces, KOICA will refocus its efforts on human resource development, health, water resource development and transportation in accordance with the Rectangular Strategy and the Industrial Development Policy.

Chapter IV Comparison between JICA and KOICA in Cambodia

With aim to help developing countries to fight against the poverty and economic integration, ODA should have been provided to the developing countries sharply, however, in the real world, donor countries use foreign aid as a tool to pursue their national interests. ODA has to fulfil the essential for development in countries where the investment is missing, and it helps justify the missing of imperfect markets. The extensively about aid and special interest is the reason of donor governments give aid and allocate their aid. Both Japan and Korea are OECD-DAC members, however the ODA disbursements are different regarding to the limitation of the budget and the ODA strategy.

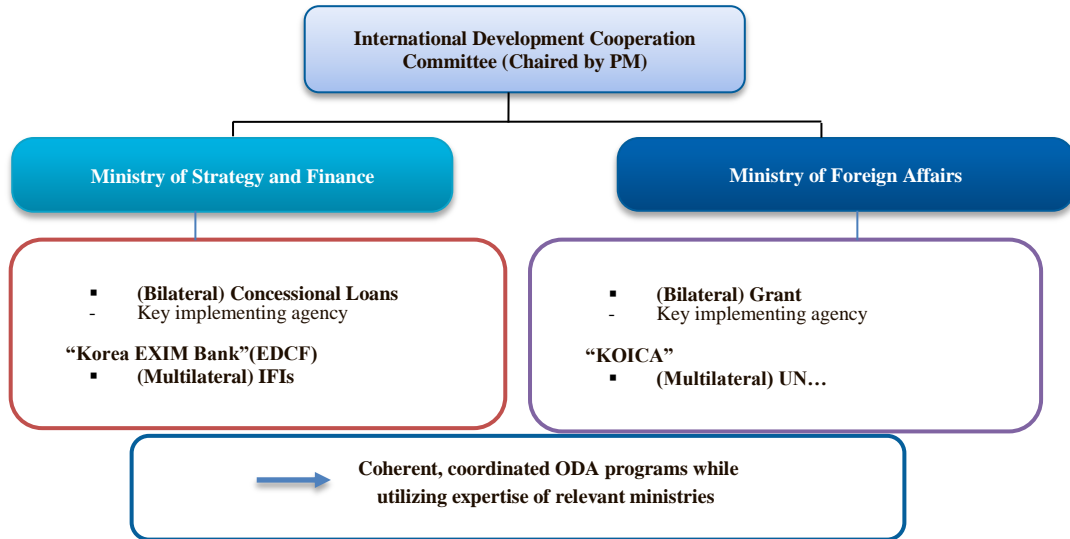
Japan Foreign Policy has the complex policy objective of Japan ODA and also broader interests behind it. Japan ODA policy maker had commercial reasons for wanting to sustain stability. Park (2003) argue that Japan ODA program was aiming to secure Japan's economic interest through ODA strategic. Korea came to Cambodia after Japan long existent, the Korea ODA model at first time seem to follow Japan model, however later Korea set a different strategy that different sector from Japan. Korea ODA is more toward to the economic integration according to its middle power. Without binding to the political reason, Korea ODA is more independent decision to grant.

4.1. JICA and KOICA structure

As it is already mentioned in chapter III, both of JICA and KOICA are under the Ministry of Foreign Affairs, however, the structures are not the same as both

agencies are decided by the policy maker according to the necessary matter.

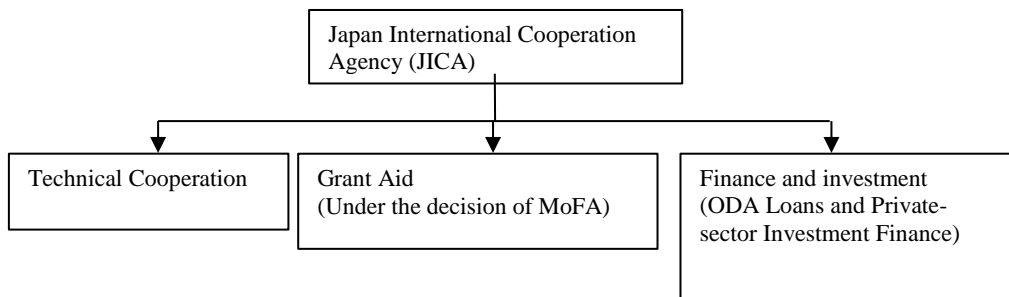
Figure 3 Korean ODA's structure



Source: Ministry of Strategy and Finance of Korea

From the above figure 1, the ODA is under the government of Korea and it is divided into two main sectors, the concessional loan and grant aid. As not different from Korea, Japan ODA is also under the government decision and the structure as the figure 2 below, is also similar to Korea ODA.

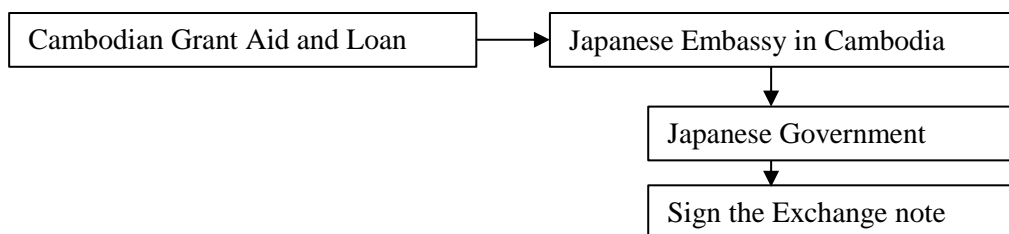
Figure 4: Japan ODA Structure



Source: JICA Official Website

However, to the structure of processing ODA in Cambodia, KOICA is more independent in the decision of providing aid to Cambodia by looking the progress of applying the aid (as the table below). For the Japan's ODA process, Cambodia side has to submit the project proposal to Japanese Embassy in Phnom Penh for both grant aid and loan projects. After submission, the project proposal will be sent to Ministry of Foreign Affairs of Japan for consideration. If the proposal will be approved by the Japanese government, then there will be an exchange note signing by the representative of the Japanese government (mostly the Japanese Ambassador to Cambodia) with Cambodia representative (mostly representative from the Ministry of Foreign Affairs and International Cooperation of Cambodia). Most of the Japan's ODA is providing regarding the political relations between these two countries.

Figure 5 Japan ODA Framework

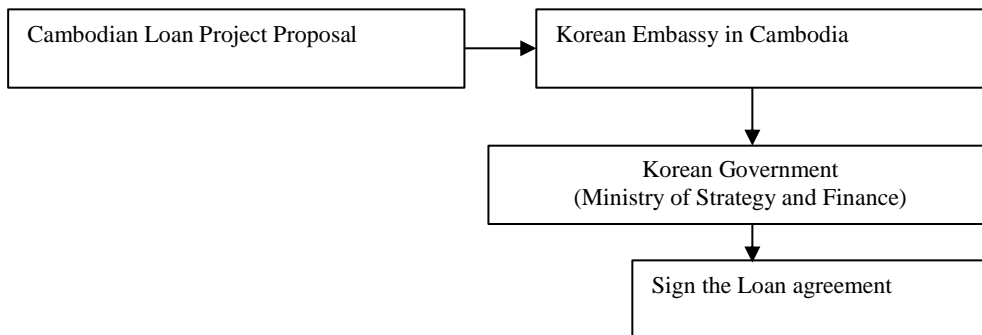


With different from Japan's ODA process, Korea has two different decisions in providing ODA to Cambodia. First, Loan is under the Ministry of Strategy and Finance of Korea. Cambodia has to submit the loan project proposal through the Korean embassy in Phnom Penh and it will be sent to the Ministry of Strategy and Finance of Korea, and after there will be the process of providing the loan. Secondly, the grant aid is under the responsibility of KOICA, that the Cambodian grant aid proposal will be

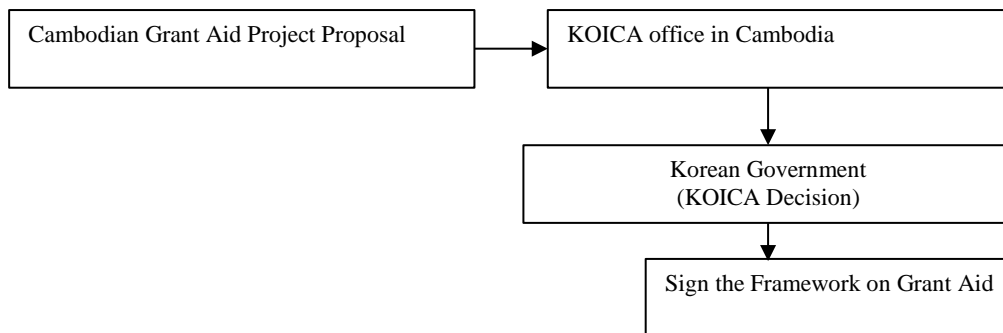
sent to the KOICAC office in Phnom Penh and its process under KOICA and ministry of foreign affairs of Korea. KOICA has more independent to make the decision to approve the project proposal depend on its priority.

Figure 6 Korea's ODA Framework

1. Loan Process



2. Grant aid Process



According to the table above, compare to JICA with more depending on the Japan government and foreign policy, KOICA, on the other hand, is more independent to giving aid to Cambodia. Some of KOICA project are combined with the private company in providing assistance to contribute in social affairs.

Since aid giving is a complex activity, donor's aid behaviors reflect donor's

different foreign policy concerns. The ODA to Cambodia from Japan and Korea has the foreign policy and diplomatic initiatives approach with particular reference to the aid related activities. Foreign aid is identified as dependent variable which is guided by the donor's foreign policy goal. When it comes to analyzing the aid giving behaviors, it is important to focus on the donor's decision making process. The policy-makers must consider the nation's position within the structure of external environment as well as the domestic climate, such as national interests and political and social situation.

The comparison in the organization structure of JICA and KOICA, show that the ODA providing is more binding to the government decision. The Japan government is more reliable to the political and relations between two countries, and on the other hand, Korea is more based on the logical decision. Both countries had two different governing organizations each in charge of the loans and other grant projects. The biggest difference between the two countries would be that Japan's ODA was more recipient based while Korea's was more of a donor based aid.

4.2. The Sector of Cooperation between JICA and KOICA with Cambodia

As the big donor to Cambodia, JICA and KOICA playing very active in providing aid to various sectors. The delivery of the strategy of providing aid is guided by aid effectiveness principles and will reflect international norms and standards including the SDGs, Busan Partnership Agreement, DAC recommendations and strategies for the advancement of ODA.

With the priority area, Japan's sector priority focuses on Strengthening of

Economic Base, Strengthening of Governance, Promotion of Social Development, Other Issues (Environment protection). The “Training and Dialogue Programs” are an established according to the Technical Cooperation that JICA responsible under the Japanese government. These programs offer by JICA projects to share the knowledge, skills and Japanese experiences in various fields, that the JICA counterpart can get the opportunity to learn and improved their development. As the main donor to Cambodia, JICA has invited in a big number of Cambodian trainees to Japan for the purpose of developing human resources capacity to build the country. Up to date, there are more than 10,000 Cambodians have been invited to share the experience in various sectors in Japan, including the good governance, education, agriculture, gender equity, industry, health, transportation, infrastructure and many of other fields. Regarding this, JICA has been implementing “Japanese Grant Aid for Human Resource Development Scholarships (JDS)” as the main tool to support training for young officials in Cambodia. This program provided the opportunity for the young officials to gain their knowledge as well as the development experience and get the Master degree back to develop their own institution.

Korea’s Sector Priority is focusing on Education (human capacity building), Health and Medical Sector, Agriculture and Rural Development, Human Resources Development (Including TVET), Transport and Green Energy Infrastructure. The priority areas were selected based on development needs identified in the Cambodia’s National Strategic Development Plan, Korea’s relative advantage in development cooperation, donor coordination, and bilateral policy discussions. Korea will allocate

70% of its budget on the four priority areas described below for development cooperation in Cambodia, for the duration of the Country Partnership Strategy (CPS).

Japan has more seniority in providing aid to Cambodia in many sectors while Korea just came after Japan for a while. Japan still focus more on the legal assistant in combining the Civil code and Criminal code and some technical related to the judicial sector. The project of clean water and building infrastructure is more contributed by Japan approach. For Korean ODA strategy, first, Korea provided more aid according to Japan model of ODA, later Korea has change more strategy to provide more aid related to health and sharing the development experiences, in particular, NIPC (the school which provide vocational skills). While “Korea Knowledge Sharing Programme and Development Experience Exchange Partnership Programme” are innovated for the better cooperation, Korea aims to effective response to the basic needs of its partners' interest. By making its lessons with a core component of the capacity building efforts that are appropriate to the counterpart, this programme has its own development experience of success in the developing countries. This Knowledge Sharing Programme has been involving in the joint policy research, training, workshops, field trips and dissemination seminars which Korea try to apply its knowledge and experiences to local circumstances of the recipient country and is mainly focused on the economic development lessons. This Programme is cover various sectors of the social development including the sharing experiences of Korea implementing ODA. The approach of this programme has been applied in both grant aid and loan of Korean ODA's projects which affordable to the recipient country capability of development.

Donors have various motivation and consideration when select recipient country. The sector of aid distribution is according to the commitment of the donor with regarding the SDGs goal and donor's foreign policy approach. The selected sector or project is depending on the donor decision followed by the interest of the economic or politic relations.

The Korean grant and loan projects are more economic relations since the building of NIPC is aim to promote and train the Cambodian workers to Korea. This school train to the student and after graduation, students can be selected to work in Korean company in Cambodia or further opportunity is to work in Korea. Another example of Korea project is building the Aviation training center for Cambodia, with this, the direct flight from Korea to Cambodia has increase respectively. This showing the ODA has much influence to the economic sector than the humanitarian needs. However, the investment of Korea to Cambodia still not stable (it will describe in the ODA in compare to investment and trade). Korea doesn't have a clear position in the economic policy approach in Cambodia.

Japan ODA is participating a lot in the infrastructure and humanitarian sectors. As the observation by the sector of distribution, after the ODA, more Japanese company entering Cambodian market showing the great increase. This ODA project was promoted the Japan company to enter Cambodia market after the assessment of the market is ready.

4.3.The Budget of Cooperation (Project scale)

According to the data of ODA disbursement in Cambodia Japan which have long history of providing aid to Cambodia has more budget scale in compare to Korea ODA's budget scale (as the table and figure below)

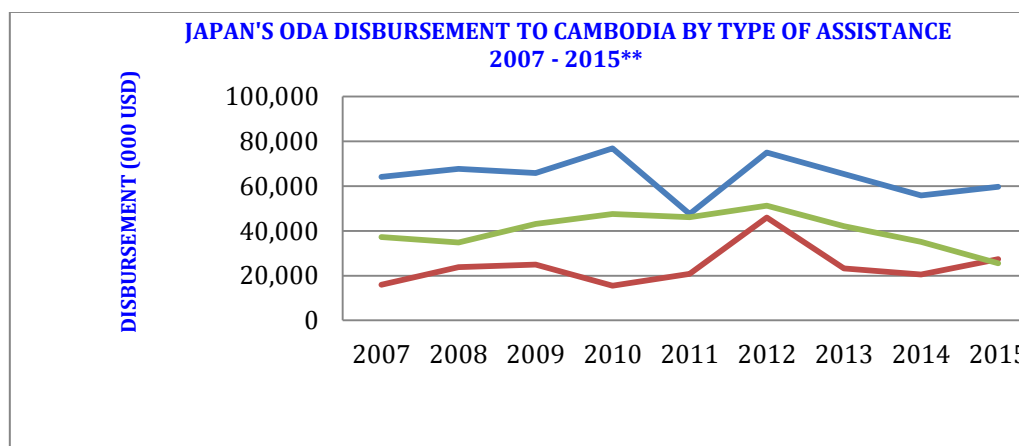
Table 1 Japan's ODA Disbursement in Cambodia

Japan's ODA Schemes	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Grant Aid	64,073	67,698	65,835	76,878	47,531	75,025	65,423	55,767	59,663
Grant Aid	56,431	62,532	60,117	73,125	43,525	70,902	60,981	51,176	55,244
Grassroot Projects	7,642	5,166	5,718	3,753	4,006	4,123	4,442	4,591	4,419
Total Loan	15,948	23,779	25,011	15,561	20,849	45,947	23,204	20,503	27,440
Total Technical Cooperation	37,196	34,761	43,157	47,587	46,085	51,291	42,131	35,150	25,524

(*in thousand of US Dollar)

Source: Refer to the Cambodia ODA Database on July 7, 2017

Figure 7: Japan's ODA Disbursement to Cambodia by type of assistance 2007-2015



(*in thousand of US Dollar)

Source: Refer to the Cambodia ODA Database on July 7, 2017

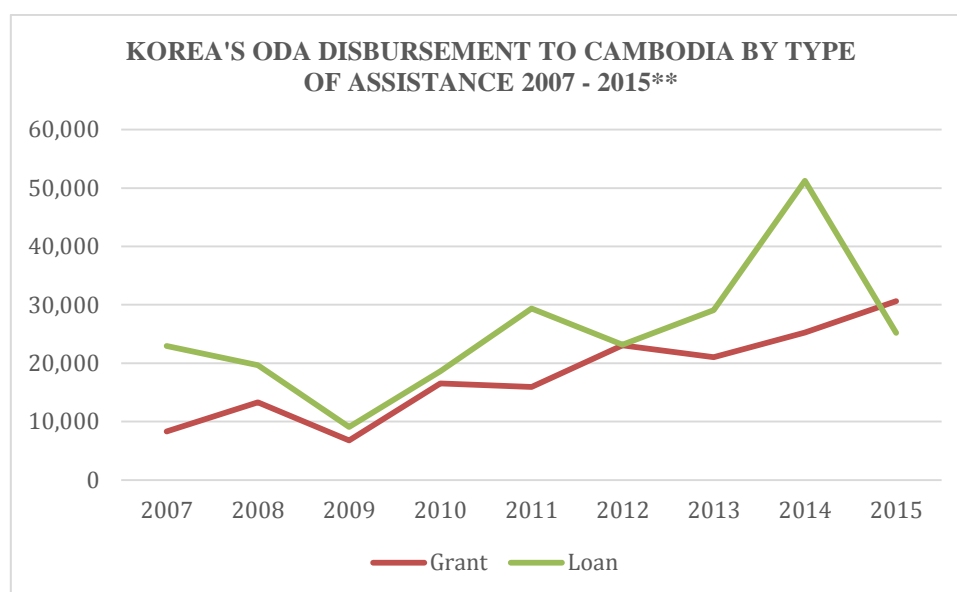
Table 2: Korea's ODA Schemes

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total (2007-2015)
Grant	8,295	13,295	6,762	16,537	15,913	23,051	21,011	25,232	30,624	160,720
Loan	22,959	19,661	9,076	18,621	29,391	23,148	29,117	51,221	25,226	228,420
Total	31,254	32,956	15,838	35,158	45,304	46,199	50,128	76,453	55,850	389,140

(*in thousand of US Dollar)

Source: Refer to the Cambodia ODA Database on July 7, 2017

Figure 8: Korea's ODA Disbursement to Cambodia by type of assistance 2007-2015



(*in thousand of US Dollar)

Source: Refer to the Cambodia ODA Database on July 7, 2017

From the tables and figures above, Japan is providing more on grant aid in compare to loan, while Korea is more providing loan compare to its grant aid. To Japan, Cambodia is not the top priority countries in providing aid, however, the amount of Japan aid to Cambodia is in the 2nd top donors after China. Korea is the 4th largest

donor in assistant aid to contribute the economic development in Cambodia. With the large scale of ODA, Japan more focus on the infrastructure and agriculture area which can lead to facilitate the economic integration in the country and most is to compete with Chinese ODA which also provides the ODA in infrastructure. Japan stand is more political to show the role of its power and favorable in UN vote. While then, Korea ODA is not to compete with other countries, the ODA is more related to the private sector and promote itself and develop a potential market in Cambodia where Korean companies could later enter easily. However, although it goes the same for the ODA projects as well, but after the project was over Cambodia did not have the ability to maintain the system by itself due to lack of budget and human resources.

According to the OECD-DAC, members should contribute the ODA as much as they can afford. As in 2010, Korea became the formal member of “the Development Assistance Committee of the Organization for Economic Cooperation and Development”, Korea has the obligation to make a contribution to the developing countries by allocated the ODA. Korea’s entry into this Committee had been giving obligation and responsibilities to KOICA, which is its government agency that utilizes the grant aid and the development assistance, in comply and with under of international norms at the development cooperation field. With this obligation, KOICA had been making a great activity in efforts to fulfill the international responsibilities. However, Korea budget is limited, so the progress of giving ODA is also less compared to other OECD-DAC members. With this amount of budget, Korea can only do with the projects are more important to economic approach and base on the sharing experience

of development. The suitable amount of budget will be helpful in the area of policy making.

Japan, as the experienced country of providing ODA, has more capacity in the budget allocation, contribute more on the infrastructure projects which demanding more money to accomplish. With the large scale of the budget, moving beyond the heavy infrastructure projects of the 'classic' Japanese aid approach JICA initiated a number of important initiatives in the primary health and education sectors, emphasizing on the support of malnutrition projects, maternity, child healthcare and basic education programmes.

4.4.Comparing ODA to Investment and Trade

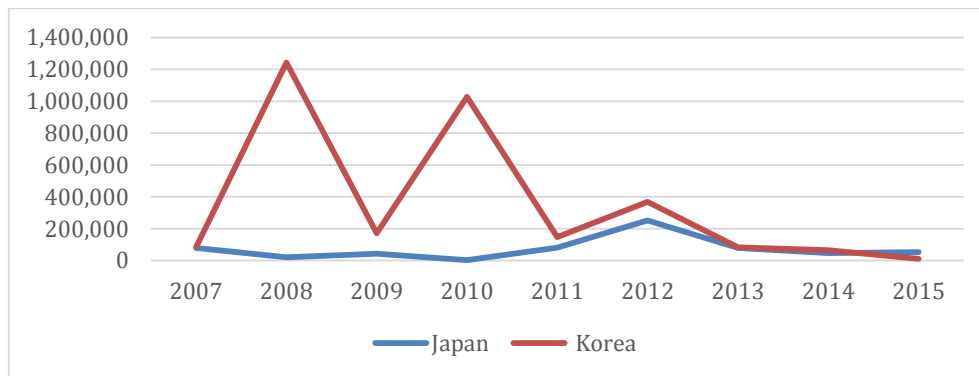
After completion of above-mention ODA disbursement in Cambodia by Japan and Korea, the trade and investments have continuously increased in surrounding areas. Improved transport network was one of the most essential factors for encouraging investments and promoting trade, in association with the government's policy and reforms. While aid has a big contribution to economic growth, the investment is also important to develop Cambodia. With the big amount of providing ODA, Japan is less amount of investment to Cambodia compare to Korea (the table and figure below). However, the Korean investment has dropped in the latest years according to many projects has failed to implement in the reality. Oppositely, Japan has increased the investment and has more achievement in the success of the investment.

Table 3 Japan's and Korea's investment in Cambodia

Year	Total by All Category	Japan	Korea
2007	<u>2,176,635,587</u>	79,837,934	85,185,156
2008	<u>11,091,279,404</u>	20,424,728	1,243,303,391
2009	<u>6,443,936,282</u>	43,844,601	170,637,877
2010	<u>2,801,883,487</u>	3,744,755	1,026,586,438
2011	<u>7,699,993,043</u>	80,400,379	146,670,418
2012	<u>2,897,306,661</u>	252,403,305	368,266,375
2013	<u>5,230,012,222</u>	79,961,801	83,927,553
2014	<u>1,838,888,451</u>	47,958,359	65,147,021
2015	<u>4,157,222,736</u>	52,175,247	9,946,738

Source: UNCOMTRADE
(*in US Dollar)

Figure 9: Japan's and Korea's accumulated investment in Cambodia



(*in thousand US Dollar)
Source: UNCOMTRADE

Besides the investment, the trade between Cambodia and Japan is still small. In compare to Korea, Japan export to Cambodia is a small amount as show in table, however the export is more stable. In past decade, Japan and Cambodia leaders had the commitment in managing to extend the period of the bilateral trade agreement in response to the trade imbalance problem. The import from Cambodia to Japan is

increasing dramatically in the last recent year. However, the period witnessed can not help to push to bilateral trade, yet it slows down the progress of bilateral trade. For Korea, both import and export with Cambodia are increasing, however, there is more export from Korea to Cambodia than import.

Table 4 Japan's trade with Cambodia

Year	Export	Import
2007	94,471,992	137,558,509
2008	168,827,834	119,259,177
2009	97,077,629	139,696,627
2010	141,310,995	205,033,116
2011	185,041,656	305,214,602
2012	215,117,415	397,529,565
2013	189,143,584	579,179,852
2014	233,736,547	765,602,448
2015	280,820,949	961,956,188
Grand Total	1,605,548,601	3,611,030,084

(*in US Dollar)

Source: UNCOMTRADE

Table 5: Korea's trade with Cambodia

Year	Export	Import	Grand Total
2007	259,429,035	3,788,089	263217124
2008	275,161,975	12,909,230	288071205
2009	249,215,133	14,228,862	263443995
2010	305,720,465	40,525,718	346246183
2011	431,752,606	83,932,420	515685026
2012	565,381,053	122,628,304	688009357
2013	589,970,314	130,387,583	720357897
2014	629,961,955	186,040,282	816002237
2015	629,291,366	208,726,229	838017595
Grand Total	3,935,883,902	803,166,717	4739050619

(*in US Dollar)

Source: UNCOMTRADE

By looking the table above, Japan ODA's disbursement seems more political than economic since the trade and investment between Japan and Cambodia is still limited amount. Korea ODA's is more economical with the increase of trade and investment, while the foreign policy is go along with ODA and economic approach. So behind the ODA, Japan is more making the peace building and political is also the priority to provide the aid, however, Korea is more building the ODA with the economical intention and there is no political approach attached to the aid.

ODA can be seen as reward or trade-off. The donor assumes that since aid package is committed to the recipient, the recipient government recognize its obligation to reciprocate whenever the opportunity arises. Therefore, the ODA is utilized as a means of exerting some influence upon their recipients by donors. Donors pursue certain foreign policy goals by providing foreign aid and expect a win-win situation for both donor and recipient countries in both economic and politic relations. The ODA distribution pattern is getting along with the economic approach. In the Asia flying geese: How regionalization shapes Japan, Walter Hatch argued that the ODA go first and then the investment and economic purpose will come after. It goes everywhere in the donor perspective of providing the ODA, that it's always been an argument for the scholar to research about.

The political stability also mainly reflects in economic exchanges of the two donor countries with Cambodia. Although the political and social stability is stable in the right place, however the size of trade and investment remains similar amount to the

size of aid. With these table of trade and investment, the possibly show that rather than aid, economic relations is still remaining very limited amount of cooperation. This is not going well in accorded to ODA's Charter that already mentions the importance of comprehensive economic cooperation with links to the ODA distribution compare to trade and investment. However, from the ratio of aid flows and trade from Japan, as well as the accumulated amount of investment, the possibly show that there is still a gap for bilateral economic cooperation to have further development.

Meanwhile, Korea with the uncertain position in the investment and trade, should study more about the situation of the investment field in avoidance the failure of the project implementation. Since the increase of reputation in building the investment project in Cambodia, Korea with the ODA disbursement straight to aim with the purpose to pave the way for their economic relations development.

Chapter V Conclusion and Implications

This chapter concludes the findings with some implications for further strengthening its approach to development beyond aid. The implications will lead to the stronger commitment to policy coherence for the development process of Cambodia; and the developing sufficient capacity which can be coordinated with the elimination of policy incoherence. The strengthening the analysis of Japan's policies and Korea's policies to determine their impacts on Cambodia development, and the position of Cambodia as the recipient country will be also included with this chapter.

5.1.Conclusion

ODA is playing a very important role in contributing to Cambodia development. The aims of ODA which are to fulfill this (1) Pursue environmental conservation and development in tandem, (2) Avoid use of ODA for military purposes or for aggravation of international conflict, (3) Pay full attention to trends in military expenditures, production of weapons of mass destruction, etc., (4) Pay full attention to efforts toward promoting democratization and introduction of a market-oriented economy, and the situation regarding the protection of basic human rights and freedom. To Cambodia as the recipient country, Japan and Korea's ODA was different in size and history, the two countries showed similarities and difference in its ODA projects.

Comparative advantage of Korea when compared to Japan as an ODA donor is that Korea has actually experienced economic development from recipient side. This

implies that Korea already experienced the difficulties of the recipients face and change, so Korea can make the ODA more recipient centered rather than donor-centered. Both Korea's and Japan's ODA implementation in Cambodia are efficient and effective to the economic growth, social development and highly appreciated by both Cambodian government and citizens. However, the ODA disbursement of these two countries are similar and different in many ways. The findings show from the structure of the organization chart, first Korea ODA's projects share some similarity to the Japan ODA's project as Japan have been playing important role in providing ODA to Cambodia from the beginning as the peace maker. Then from the processing of the ODA implementation, in particular, the Aid disbursement, KOICA is more independent from the Ministry of Foreign Affairs of Korea while Japan's aid is more reliable on the Japanese government foreign policies.

Japan and Korea's loan and grant have consistently increased over the period financing socio-economic infrastructure which implied that the Japan and Korean aid policy is providing according to the economic motivation. The comparison here, Cambodia appreciate the Japan and Korean bilateral aid allocation, that made Cambodia could align the development strategies and policies to gain the advantage from the positive donation by the two donors and strengthen existing and look for more new opportunities. As it has already mentioned in the comparison study that grant aid alone is not enough for the development since it is the limited amount. Regarding this, it needs to be complemented by concessional loans to complete the budget for development.

With the clear objectives of providing the ODA with also the purpose of ensuring Japan's own security and prosperity, Japan's ODA is mainly to contribute to the peace and development of the international security. As Japan is the only Asia country with non of western countries that success in economic growth to be the first developed country in the region, Japan has actively implemented its ODA in the human resource development, economic and social infrastructure development supporting, and national building. In this past decade, Japan has significant contribution its ODA into the development of countries in the region, in particular in the ASEAN region in both the economic and social development. The cross border issues that present a grave threat to each and every human being have been driven the Japanese ODA to contribute more in peace building and reconstructed the less developing countries. In the aim of economic integrity, Japan has also been enhancing the strategic value, transparency, and efficiency of ODA in Cambodia. This is made the Japanese ODA achievement in Cambodia with the significant result.

On the other hand, Korea ODA due to lack of government budget was not able to have its program experts stay from the start to end the projects. And the investment of Korea is not stable due to the lack of study and market approach in Cambodia. Korea ODA aims to develop Cambodia, in particular with the economic integration. For Korea with the limited budget, loan should be considered to providing in the necessary projects with the requirement the big amount of money such as building infrastructure.

5.2. Implications

The two countries have been working in quite different fields in training programs and projects, comparing the outcomes could be subjective. However, despite the limits, there are still implications that we can learn from the two outcomes for Korea and Japan to improve its role in the world economy to the developing countries and make more efficient.

Although Japan provides ODA in humanitarian aids, builds the infrastructure in general (Basic needs of development) and capacity building (agriculture and technical assistance), the ODA is based on one the decision of the Japan government. Firstly, the ODA significant has changed in bilateral aid relation is that in the past decade, Japan's ODA to Cambodia are more focused on the peace building, emergency rehabilitation and national reconstruction. Now, the characters of ODA have been becoming more strategy-oriented which consisted of mid- and long-term development. The effect of this strategy is extending beyond Cambodia which go along within the the Mekong sub-region as well as the ASEAN region. Loan resumption is more contribution in the development progress while the amount of the grant aid is larger. Since loan is more capability to accommodate large projects, the infrastructure is more taking part of the loan consumption flows. The ODA is giving Cambodia development with the possibility integrate the country into the region. Secondly, the message through the political principles of "ownership" and "independence" has embrace with the loan purpose. The issue of "ownership" and "independence" to the recipient states is not the new issue. However, dealing with these principles by introducing loan is a

principle change, since it is the awareness that loan can be a burden to the recipient country including Cambodia. If Cambodia can not afford with the paying back the amount of loan, Japan might be risk in having another debt issue. Regarding this, the political relations has strong impact to the decision of providing the loan. However, Loan resumption is more to give Cambodia stronger independence, since it is a positive sign of Cambodia to make the economic management and strengthen the capability in handling debt burden. While loan needs to have the good management, this should make a recipient country can choose the in need sector to apply in order to make the economic growth. Regarding the aim to develop Cambodia and enhancing the peace building, beside from giving the loan in infrastructure sector, Japan needs more contribution to the education system of Cambodia to build the human resources.

For Korea to play an active role as an ODA donor regarding its economic size, Korea should learn the good points of Japan's ODA system. If Korea is really focusing on the capacity building which Cambodia takes it for granted, helped Cambodia build some policy framework modelling after Korea. Korea also can do the commercialization of aid projects and making it efficiency and sustain is profit making project. The necessary point is after granted for the project such as build the hospital and school, Korea should help in the system to make them accountable for their service.

Both Japan and Korea should continue providing aid to Cambodia in consist of development. Korea, with the small budget scale, can provide the aid regarding the skills and focus more on loan which can also play the important role in relationship

with Cambodia. Moreover, the bilateral trade between Korea and Cambodia should be increase to gain the popularity of Korea in Cambodia. Japan with the big scale of the budget to provide the aid to Cambodia should continue providing aid regarding the infrastructure and the others sector which contribute to the economic growth. However, with the less number trade relations, both countries should promote and encourage to have more trade. Korea needs to find ways to improve the volume of grants, since the current statistics show that it is in poor level compared to other countries as its neighbor Japan.

As Cambodia is the recipient country, what is that government should use aid to build productive sectors which help it become self-sustaining in the long run, in particular, is to use loan to build airport and then collect tax or other sectors. Cambodian government needs to self-sustaining and have to use aid in productive sectors which utilize the aid with clear plan and plan for what Cambodia really need to develop. Cambodia needs more human resource building which Cambodia can ask Korea to share the experiences of development of the country.

With strengthen further the human resources, together with economic approaches that Cambodia need, is include in the priority area for partner countries, in particularly, to be bonded these with the important skills to support new aid modalities, including the new programme based approaches.

To the Cambodian government, in order to achieve in the fighting against the poverty and sustainable development, the Government should set up the right

“Rectangular Strategy” and appropriate National Strategic Development Plan, with a long term strategy as the value added to achieve its development vision, as well as the Cambodian Millennium Development Goals (CMDGs). Regarding strategies, the Japanese Government as well as Korean Government should revised its “Country Assistance Policy for Cambodia” and established its overall goal as “Steady and Sustainable Economic Growth and Balanced Development.” With this strategy and policy, JICA and KOICA should define the midterm and long-term assistance objective for development cooperation in Cambodia as “Realizing human security through economic growth and poverty reduction”. In line with this, the two donors should also focus on the following three priority areas for its operation “(1) Strengthening of Economic Bases, (2) Promotion of Social Development and (3) Strengthening of Governance”. Based on the recent development challenges and current socio-economic context, with these priority areas, JICA and KOICA as the representative of the Japan and Korea’s government aid agency, should mobilize all the assistance sectors to approach the development cooperation. While respecting the government and people of Cambodia, the loan should be independent from the political aspects and more focus on economic integration approach.

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국문초록

캄보디아에서의 일본과 대한민국의 ODA 비교 연구 :

2007 ~ 2015 년 JICA 와 KOICA 집중

전쟁으로 황폐된 사회에서는 ODA 가 인도 주의적 군사 개입 이후에 평화를 구축하는 데 중요한 역할을 한다. 많은 공여국과 국제기구는 ODA 의 기여, 특히 대외 원조로 전쟁으로 파괴 된 사회를 재건하려고한다. 그 나라들 중 하나 인 캄보디아는 크메르 러프 (Khmer Rough) 시대 (1975-1979)의 전쟁종식 이후 많은 개발 원조를 받아왔다. 이 기간 동안 학자와 시민을 포함하여 200 만 명이 넘는 캄보디아 인들이 살해되었고 국가 교육 시스템도 파괴되었다.

1991 년 10 월 4 개의 캄보디아 파벌, 19 개 국가 및 유엔 사무 총장이 서명한 파리 협약 이후, 내전은 종식되었고, 국가는 다시 재건에 나섰다. 그 이후로 많은 기부 국들이 캄보디아를 재건하기 위해 캄보디아에 원조를 제공하기 시작했다. 이 기여는 주로 평화 구축 사례로 알려져 있다. 주요 공여국 중 하나 인 일본과 한국은 모두 DAC 기부 국가이며, 캄보디아 경제

발전에 기여할 수 있는 최고의 기부 국가로 중요한 역할을 담당한다. 이
견인 기증자들은 캄보디아 밀레니엄 개발 목표와 개발 목표를 유지하면서
빈곤을 줄이고 경제적 후생을 증진하기 위해 ODA (교부금 및 대출)를
제공하고 있다. 그들은 또한 캄보디아 경제 성장에 기여하는 투자와 무역을
더 많이 지원한다.

본 연구는 일본과 한국이 제공하는 ODA 를 분석하여 캄보디아 개발
과정에 기여할 것이다. 또한 JICA 와 KOICA 에 대한 전반적인 설명과
캄보디아 접근법 및 ODA 와 캄보디아의 연관성에 대해 설명하고자 한다.
이러한 동기는 JICA 와 KOICA 의 비교로 이어져 두 공여국의 유사점과
차이점을 도출 할 수 있다.

주요어: 공적 개발 원조 (ODA), 해외 원조, JICA, KOICA.

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